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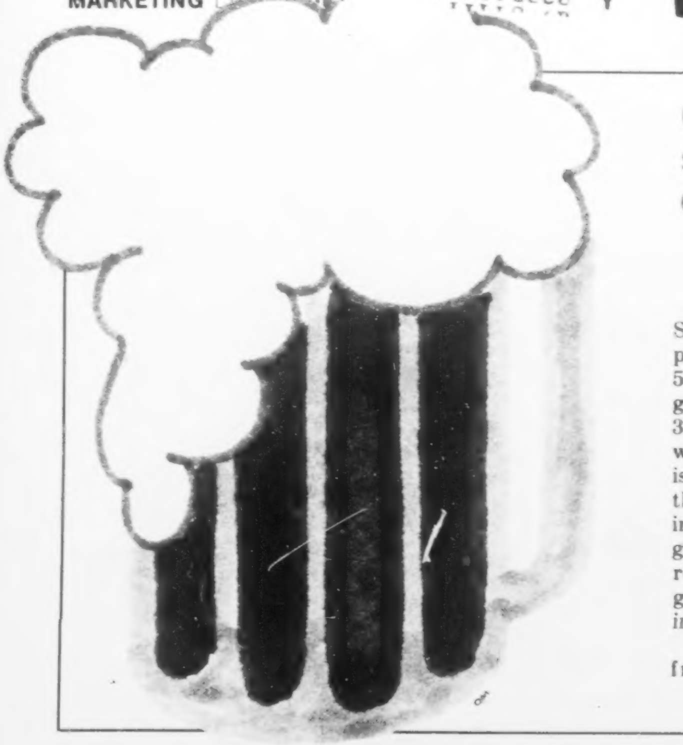
NOVEMBER 6, 1981

ge Industry

MARKETING

PUBLISHED EVERY OTHER FRIDAY



On premise up, spurred by big draft growth

SPECIAL REPORT – While on-premise beer sales rose to 57.7 million barrels, a similar growth rate as the industry's 3.1% last year, draft beer, which increased its on-premise sales share to 36.4% of that segment, recorded an impressive 8.2% barrelage gain in '80 to 21 million barrels, possibly signaling a burgeoning on-premise market in the coming years.

These figures, obtained from the United States

(Continued on page 6)

New campaign, bigger budget for Schweppes

TARPON SPRINGS, FL – Schweppes will launch a "totally new" advertising campaign in the spring of next year and will be increasing its marketing budget by 40% over this year's budget, it was announced here at a marketing conference.

With more than 450 representatives of United States, Canadian and Latin American bottlers in attendance, Robert E. Ix, chairman of Cadbury Schweppes American, said that "through the joint efforts of Schweppes and its franchised bottlers, Schweppes in the Americas is having its best year ever. The brand continues to gain momentum and is growing rapidly in absolute volume and share."

"We have the commitment, and the resources, to achieve our goal of leadership in the

(Continued on page 15)

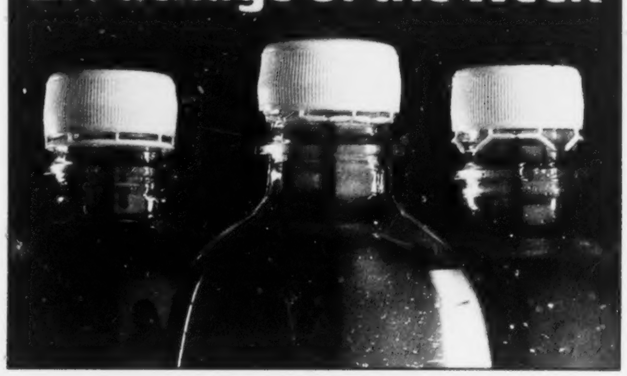
Fogarty named Squirtco COO, executive vp

HOLLAND, MI – Michael D. Fogarty, formerly vice president marketing and sales, has been named executive vice president and chief operating officer of Squirtco, located here. Fogarty replaces W. Donald Avriett, who has been named vice chairman and member of the board of Squirt & Co.

Fogarty joined Squirt in

(Continued on page 13)

BI Package of the Week



Ethyl to launch new lined plastic closure

RICHMOND, VA – Ethyl Molded Products, located here, will introduce its new prethreaded, lined plastic closure at this year's NSDA exposition, Dec. 1-3, in Los Angeles.

Tested initially in Coke-Mid America's Topeka and Manhattan, KS, franchises, the closure was introduced by Coca-Cola Midwest in early November. In Kansas the closure was used on 2-L PET; in St. Paul/Minneapolis the closure is appearing on 1- and 2-L PET bottles.

According to Ethyl spokesman Ken Donahue, the 28-mm closure has passed Coca-Cola's laboratory tests. He also told **Beverage Industry** that his firm is working with other bottlers and other franchise firms on introduction of the closure in additional markets. A plastic closure for glass is also being developed.

Molded on Ethyl proprietary equipment from polypropylene, the closure has an EVA (ethylene-vinyl acetate) food-grade plastic line which is inserted at the point of manufacture. The liner is

(Continued on page 14)

BI Week

• PepsiCo's third quarter and nine months sales were up 15% and 19%, respectively. Net income for the same two time spans was up 16% and 15%, respectively. Soft drink case sales were up 3% and sales were up 11%, income 9% for the quarter.

• Wometco Coca-Cola Bottling Co., Nashville, TN, won game two, the deciding game in O-I's MVP contest. Firm's 10 MVP team members (plus companions) won all expenses paid trip to the World Series.

• Hearings on a National Mandatory Deposit bill are slated for Nov. 5 before the House Commerce Committee. Chairman Sen. Robert Packwood is one of the sponsors.

• Coke reportedly plans to fight Pepsi's Challenge commercials with a new Bill Cosby spot. Ads reportedly will run in 80% of the country (where Pepsi pushes the Challenge theme).

• Green Spot Co., S. Pasa-

(Continued on page 25)

Retail ties, sampling key '82 Dr P objectives

DALLAS–Strengthening relationships with the retail trade and increased emphasis on product sampling were presented as key 1982 objectives for Dr Pepper bottlers at the company's International Bottler Meeting, held here last month.

Opportunities for strengthening the company's solid number three soft drink sales position with optimism for eventually moving up to the second place slot were also expressed by the company's top executive.

"We have seen more changes in the past 18 months than in the entire history of our industry," W.W. Clements, Dr Pepper chairman and CEO, told the bottlers.

(Continued on page 13)

Dr P's new national ad for its Sugar Free brand. Dr P will more than double co-op ad dollars for local media in '82.

Contents

Ethyl to launch new lined closure

Ethyl molded products of Richmond, VA, will introduce a new lined, prethreaded plastic closure at this year's NSDA convention. The closure has been used on 1- and 2-L PET bottles and, according to a company spokesperson, a plastic closure for glass is also being developed. For more information on this issue's **Package of the Week**, see **page 1**.

OSHA lifts noise stay

OSHA will accept baseline audiograms that were taken using hearing protectors as a substitute for 14 quiet hours, NSDA reports in bulletin to its members. OSHA partially lifted an administrative stay on the controversial Hearing Conservation Amendment; the regulation covers all workers, except construction and agriculture, who are exposed to an eight hour noise level of 85 dbs or more. For more about what NSDA sees as significant to bottlers concerning the OSHA stay, see **page 4.**

Saudi SD market valued at $530 million

In 1981 the Saudi Arabian soft drink market has topped its high point of $500 million according to a report published by International Marketing & Economic Services titled "Soft Drinks '81 — Saudi Arabia." The report's figures indicate that sales of carbonated soft drinks have almost doubled over the last five years, while the annual rate of increase has slowed from 25% to under 10% during the period. For additional figures and charts, see **page 4.**

Roberts named president of Genesee Brewing Co.

Walter B. Roberts Jr. was elected president of the Rochester-based Genesee Brewing Co. Roberts replaces William Hoot, who was elected to the newly created position of vice chairman of the board. For other appointments, see **page 10.**

RC 100 to get $500,000 for regional ads

Over $500,000 has been allocated for TV and print ads to introduce the second phase of Royal Crown Beverage Co.'s regional campaign for RC 100. The prime time TV spots will air in Southern California markets through the end of this year. **page 10.**

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Draft beer

(Continued from page 1)

Brewers Association and Robert S. Weinberg, R. S. Weinberg & Associates, a St. Louis-based brewers research firm, show a dramatic growth for draft, which is almost exclusively consumed on-premise. Draft accounted for 12.1% of total industry taxpaid withdrawals last year, up 0.5% for the second consecutive year. And, in the first seven months of this year, draft volume was 13.1 million barrels, a 6.6% increase over the same period in '80.

The last year in which draft beer sales topped 20 million barrels was 1953. Draft business had plateaued in the '40s, declined throughout the '50s and leveled off during the '60s and much of the '70s. From '73 to '78, draft sales had been hovering around 18.2 million barrels. Then, in '79, sales topped 19 million for the first time since '54.

on-premise growth

However, recent draft growth has come at the expense of packaged in the on-premise segment, since total on-premise growth does not equal that of draft. But many in the industry feel that draft will continue to grow at that rate for the next several years and that packaged won't continue to yield market share on-premise at a comparable rate, so the industry might be seeing signs of an on-premise growth rate greater than off-premise.

Weinberg cites three key factors that have spurred draft growth recently.

- Draft rates tend to increase when a state passes a deposit law. For example, Michigan's draft share hovered around 11.5% from '76 to '78, but then in '79, with the deposit law effective Dec. 3, 1978, draft shot up to a 14.6% share and up further to 16.03% last year. In Iowa, which passed a deposit law effective August 1, 1979, draft share, which had been 14.9% in '76, 14.2% in '77, 13.3% in '78 and 15.5% in '79, jumped to 20.3% in '80. Connecticut passed its deposit law on Jan. 1, 1980, and witnessed a draft share jump from 14.4% in '79 to 18.3% last year.
- Relaxation of state laws limiting the number of drinking establishments.
- Changing economies of draft for the retailer.

Production draught and packaged sales and total taxpaid withdrawals of malt beverages

For Calendar Years 1933-1979 (Quantities in 31 Gallon Barrels)

Calendar year	Production	Packaged sales	% of total	Draught sales	% of total	Total taxpaid withdrawals
1940	53,863,734	26,761,946	51.7	25,049,151	48.3	51,811,087
1941	60,636,547	32,199,010	56.1	25,204,362	43.9	57,403,372
1942	68,271,501	37,917,179	58.7	26,666,939	41.3	64,584,118
1943	75,624,489	44,248,184	60.9	28,444,754	39.1	72,692,938
1944	85,779,934	49,543,252	62.3	29,970,952	37.7	79,524,204
1945	88,205,537	52,664,148	64.3	29,177,247	35.7	81,841,395
1946	83,312,516	53,010,253	66.6	26,530,243	33.4	79,540,496
1947	91,742,212	58,899,477	67.6	28,272,887	32.4	87,172,334
1948	88,125,320	58,699,355	69.0	26,367,959	31.0	85,067,314
1949	88,618,322	59,443,805	70.3	25,113,802	29.7	84,557,607
1950	88,178,356	59,487,521	71.8	23,342,616	28.2	82,830,137
1951	89,742,138	61,706,743	73.6	22,116,893	26.4	83,823,636
1952	90,489,824	63,359,469	74.7	21,477,011	25.3	84,836,480
1953	92,104,063	65,830,505	76.5	20,214,611	23.5	86,045,116
1954	88,940,268	63,927,035	76.7	19,377,986	23.3	83,305,021
1955	90,285,488	66,179,019	77.9	18,798,255	22.1	84,977,274
1956	90,338,445	67,087,002	78.9	17,921,154	21.1	85,008,156
1957	89,465,986	66,982,200	79.4	17,388,825	20.6	84,371,025
1958	90,120,512	67,168,341	79.6	17,256,368	20.4	84,424,709
1959	93,127,427	70,308,462	80.2	17,313,897	19.8	87,622,359
1960	93,415,363	70,955,595	80.7	16,957,244	19.3	87,912,839
1961	95,030,031	71,910,757	80.8	17,117,674	19.2	89,028,431
1962	96,831,989	74,128,498	81.3	17,068,659	18.7	91,197,157
1963	100,631,563	76,343,134	81.4	17,446,808	18.6	93,789,942
1964	105,897,968	80,685,951	81.8	17,958,041	18.2	98,643,992
1965	108,221,725	82,624,078	82.3	17,796,839	17.7	100,420,917
1966	113,037,193	86,531,831	83.0	17,730,210	17.0	104,262,041
1967	116,550,659	89,579,475	83.7	17,394,922	16.3	106,974,397
1968	122,407,762	94,007,957	84.4	17,407,741	15.6	111,415,698
1969	127,311,042	98,991,915	85.1	17,279,482	14.9	116,271,397
1970	133,123,267	104,619,875	85.9	17,240,131	14.1	121,860,006
1971	137,479,910	110,026,703	86.4	17,370,566	13.6	127,397,269
1972	141,336,930	114,219,578	86.7	17,589,085	13.3	131,808,663
1973	148,601,510	120,340,835	86.9	18,127,596	13.1	138,468,431
1974	156,147,443	127,227,705	87.5	18,236,377	12.5	145,464,082
1975	160,598,916	130,229,488	87.6	18,414,297	12.4	148,643,785
1976	163,782,125	132,125,154	87.9	18,262,233	12.1	150,387,387
1977	170,507,857	138,673,342	88.4	18,240,789	11.6	156,914,131
1978	179,656,544	144,585,652	88.9	18,120,235	11.1	162,705,887
1979r	184,187,771	148,685,015	88.4	19,431,684	11.6	168,115,697
1980	194,091,081	152,301,550	87.9	21,020,244	12.1	173,321,794

r: revised

Source: Treasury Department, Bureau of Alcohol, Tobacco and Firearms.

Copyright: Beverage Industry, November 6, 1981

Weinberg explains that with the passage of deposit laws, the bar owner sees handling draft in kegs as less of an inconvenience than collecting empty bottles, which the owner must do because he pays a deposit on every bottle in addition to the price of the beer. Wholesalers used to convince retailers not to bother with kegs and use non-returnable bottles, but now that's changed with deposit laws, says Weinberg.

In terms of the economies, many retailers perceive increasing packaging prices, especially non-returnable bottles, as becoming more expensive than draft and so, according to Weinberg, they're saying, 'Let's go back to draft.'

Weinberg notes that since '78 the serving size of draft has stabilized. Before that, as the price of a glass of beer went up, the serving size went down: the growth rate of draft servings was greater than the growth rate of draft gallons consumed. Now, he says, we've reached the point where the serving size just can't be reduced any further, so gallons consumed have started to increase along with increased number of servings.

However, Weinberg is quick to add, "I have not heard of any brewer who is contemplating a change in their marketing strategy because of the draft ratio increase."

"Draft beer sales have definitely been increasing, and we've been the primary beneficiary," boasts an Anheuser-Busch spokesman. He claims that "Budweiser and Michelob are the two best selling on-premise beers."

The A-B spokesman says there are many reasons for draft popularity, including its fresh, somewhat different taste; its status, with an increasing number of home draft dispensing units being sold, especially among the affluent; draft, which is, in effect, in bulk, is less expensive to buy and serve; certain brewers have placed an emphasis on further draft penetration; technological improvements, including the single-valve keg and the increasing popularity of the quarter barrel.

Weinberg and the A-B spokesman mentioned the historical benefit of draft, that of showcasing your beer and developing brand loyalty. "On-premise establishments give the consumer a unique opportunity to sample another brewer's beer," says Weinberg. Weinberg says a typical bar will have a premium, a light and a local beer, if there's a popular one, on draft. He added that a great part of Miller Lite's success (number three brand last year) is the fact that they "have cornered the draft market. It's very rare that a bar would have two lights on draft."

"Our beer business has been increasing every year for the past few years," says Luther Romo, senior product manager-beer product line for the Cornelius Co., makers of, among other equipment, everything from the keg to the glass.

"Draft is more economical to the retailer," Romo asserts. He explains that, with 6.88 cases equalling a half-barrel, and with cost per case at $7-10 and a barrel at $28-31, "that's (the cost) almost double the price (cases over barrel) for the same amount of beer."

keg handling

Romo believes another big factor for recently increasing draft sales is the new, easier ways to handle kegs.

Hackney & Sons On Tap keg dispensing unit (see **BI** May 8, 1981, p. 24) is one recent innovation many in the industry cite as being a substantial work, time and hence money-saving device. The unit is an all-aluminum rack that holds up to 12 kegs with a base designed to function as a pallet. Once loaded onto the truck, kegs are dispensed at the threshold of the bay, at waist level, with a pull of a handle.

"It permits all route trucks to carry kegs," says Hodges Hackney, president of the company. "Not everyone can handle a 160-pound keg of beer." The On Tap device makes it unnecessary for anyone to climb up into the bay and drop a keg to the floor.

"We've sold quite a few. Sales have exceeded our expectations," says Hackney. "However, this is a long-term thing. Modifications will have to be made; these units don't fit into every route truck." Hackney adds that the "significance" of the On Tap unit will really be felt in the years ahead, saying "we've only scratched the surface."

On draft beer sales, Hackney says, "I know breweries want to increase their draft sales. Draft builds brand loyalty, increases their barrelage." He says, as have others, that wholesalers aren't as excited about it because it is not as big a product as packaged. In fact, Weinberg says that "wholesalers wouldn't even touch draft if he weren't obligated to. They put up with it because they want the business."

Weinberg projects substantial draft growth during the coming years: '81 projected sales at 22.8 million barrels, 23.8 million barrels in '82, 25.5 in '83, 27.0 in '84 and 28.6 million barrels in '85, but hedged on exactly how much greater on-premise sales would be during those years, though he said it could very possibly outpace off-premise business.

Kronenbourg to offer off-premise glass promotion

GREENWICH, CT — Kronenbourg will offer an off-premise promotion of sets of six imported Alsatian beer glasses beginning this month so that orders can be filled in time for holiday gift-giving, the company announced recently.

Being offered to consumers from Boston to Baltimore, the glasses are designed in the French pilsner tradition, featuring the colorful Kronenbourg logo and shield. Set of six will cost $4.75, including shipping and handling, with no proof of purchase required.

"I'm confident that this will be our most successful

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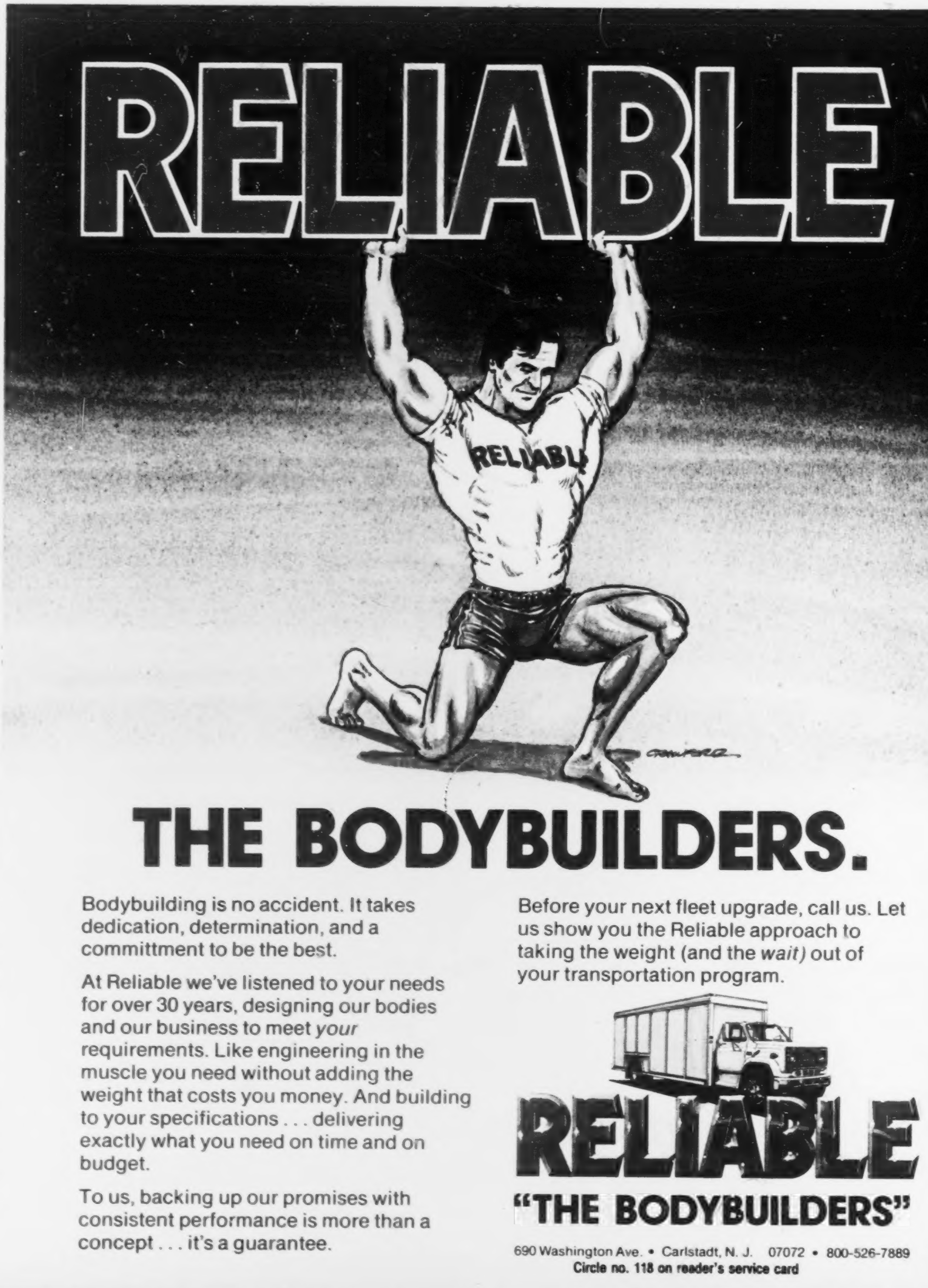

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NOVEMBER 6, 1981

Beverage Industry

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OSHA announces partial lift on noise stay

WASHINGTON, DC — In a bulletin to its members, the National Soft Drink Assn. reports that the Occupational Safety and Health Administration partially lifted an administrative stay on the controversial Hearing Conservation Amendment. The regulation covers all workers, except construction and agriculture, who are exposed to an eight hour time-weighted average noise level of 85 decibels or more.

One of the most significant changes in the current version of the amendment is OSHA's acceptance of pre-existing baselines and audiograms, according to NSDA. Since the prohibition against the use of hearing protectors to achieve the quiet hours is being stayed, OSHA will accept baseline audiograms that were taken using hearing protectors as a substitute for 14 quiet hours. NSDA noted OSHA's flexibility in its pronouncement that it will continue to accept these audiograms in the future as valid baseline audiograms regardless of the outcome of the stay and will accept older baselines that reflect substantial compliance with the audiometric test requirements of the amendment.

The amendment, except for those provisions that continue to be stayed, became effective August 22, 1981. Future changes in the amendment will be based on OSHA's evaluation of comments received on the continuation of the stay and on those provisions which have been reopened (comments due 11/23/81), NSDA reports.

In a related matter, clarifications were provided on the availability of hearing protectors. The intent of the requirement is that workers should have more than one type of device, preferably a choice of three or more de-

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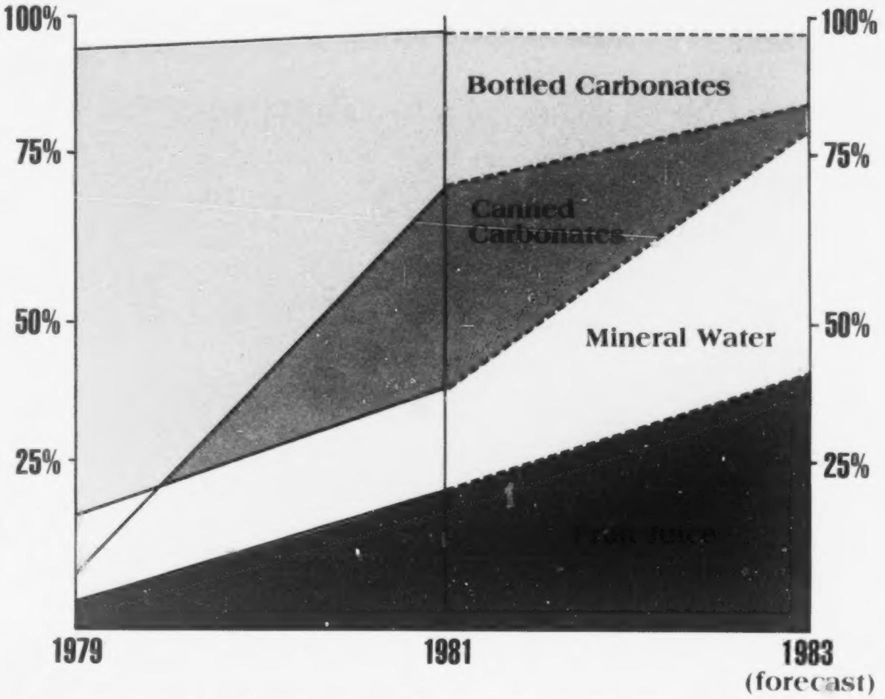


Market Self-Sufficiency in Major Soft Drink Sectors, 1979- 1983 (forecast) (local production as percentage of consumption).

Saudi sales at $530 mil.; self-sufficiency by 1983

INTERNATIONAL REPORT — The 1981 Saudi Arabian soft drink market is valued at around $530 million, the first time ever it has topped $500 milllion, according to a report published by International Marketing & Economic Services recently, titled "Soft Drinks '81 — Saudi Arabia."

The report says that "The most significant feature of the Saudi market's development over the last three years has been the steady progression of the industrialization process as the Kingdom strives for self-sufficiency."

In '79, with the exception of carbonated beverages (bottled carbonates), the market was very largely import-oriented; however, in '81, local manufacturing is developing rapidly, especially in canned carbonates, and already accounts for about half of total market consumption. And by '83, according to the report, three of the four sectors (bottled carbonates, canned carbonates, mineral water, fruit juice) will be over 80% geared to locally produced brands (see chart).

The report's figures also indicate that sales of carbonated soft drinks have almost doubled over the last five years, while the annual rate of increase has slowed from over 25% to under 10% during the period. Sales are expected on average to show yearly growth of about 5% in the short to medium term, according to the report.

"Flavoured aerated drinks currently account for a least half of the total soft drinks market by value — the other half comprises, in order of importance, fruit juice products, mineral water, nonalcoholic beer, squashes/syrups, powdered fruit drinks and flavoured milk," according to the report.

Canned product, the report goes on, has been continuously eroding the bottle's market share (even though bottle sales have held generally steady in terms of volume) to the point that over 60% of unit sales in '81 will be in cans (see chart).

Several new bottling franchises (Crush and RC Cola as well as others) and new plants being built outside the major cities are expected to cause a resurgence of bottle sales in the immediate future and arrest, at least temporarily, the steady swing to cans, according to the report.

Other items mentioned in the report include:

- The majority of new production activity is being seen in canned/bottled carbonates and mineral water; despite many live industrial licenses, the huge fruit juice sector remains surprisingly over 75% import-dependent.
- Following the huge over-ordering of canned carbonates, especially at the end of

(Continued on page 16)

Schaefer
LIGHT

Schaefer debuts Light Lager

NEW YORK — F&M Schaefer Brewing Co. is currently testing Schaefer Light Lager Beer in 12 oz. bottles and cans in three markets. The package was designed by the Chajet Design Group, who also designed the package for Schaefer Cream Ale, as well as the packages for Coke's allied brands, Fresca and Mello Yello.

Future marketing plans for the new brand are being handled by Stroh, Schaefer's parent company.

- For more information on the **Chajet Design Group**, circle no. 608 on reader service card; for **Schaefer Light**, circle No. 609.

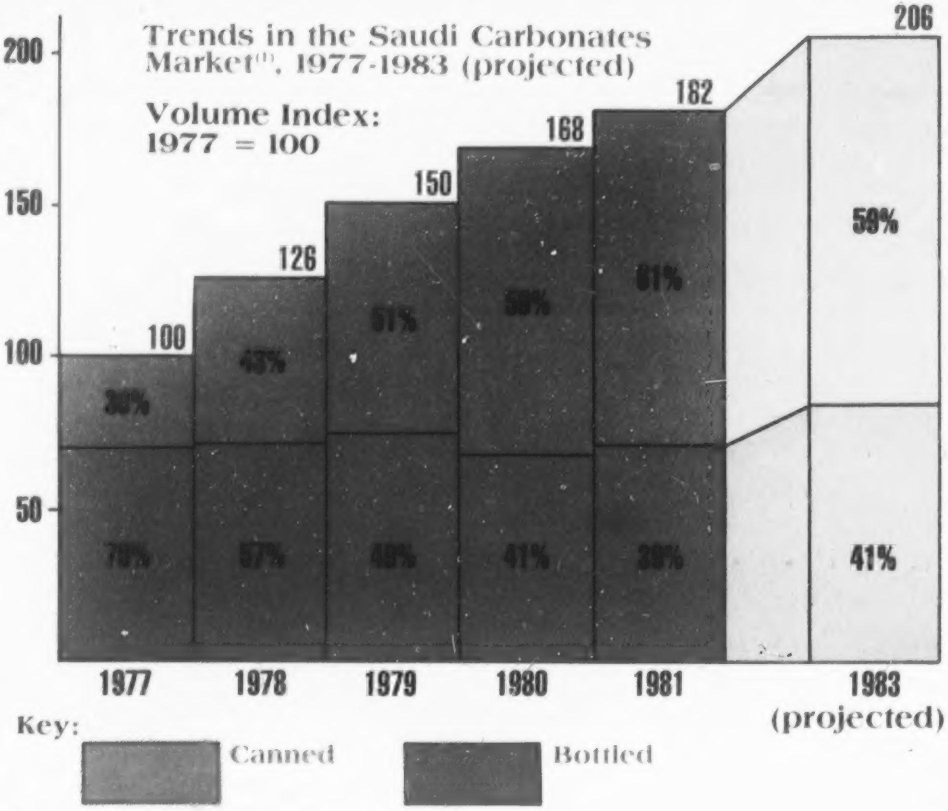
Saudi trends

(Continued from page 4)

'79, there has been a major shake-out of brands and a number of minor importers have now ceased trading.

• In canned carbonates, the Japanese slimline can has become well-entrenched in the West/South, but it remains to be seen how the market will react when Pepsi canning starts in Jeddah this year.

• The fruit juice market continues to expand despite some evidence of substitution by canned carbonates/fresh juices; carton-packed drinks have been a huge success and demand for (bottled) natural juices continues to grow, but cheap nectars are on the decline.



(1)Excluding non-alcoholic beer.

• Mineral water, nonalcoholic beer and flavoured milk have all shown steady sales growth, but squashes/syrups and powdered drinks markets have been fairly static.

For more information on the "Soft Drinks '81 — Saudi Arabia" report, write International Marketing & Economic Services (UK) Ltd, The Grange, Harmondsworth, West Drayton, Middlesex UB7 OAW.

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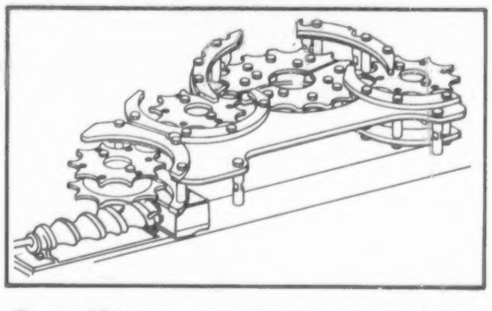

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News Makers

Tanck gets new spot at Schaefer Corp.

NEW YORK — Alfred A. Tanck has been appointed to the newly-created position of senior vice president of the F. & M. Schaefer Corp.'s international operations. He will be responsible for import and export activities for all Schaefer brands and those of the parent firm, The Stroh Brewery Co. of Detroit, MI.

Tanck

Tanck will continue to direct Schaefer's marketing efforts in Puerto Rico and the Caribbean, while investigating and developing other opportunities for Schaefer and Stroh brands outside the U.S. He will additionally be responsible for establishing and operating a new import development program, spearheading a new effort by Stroh.

Coke names Truitt vp for frozen operations

HOUSTON, TX — George W. Truitt has been named vice president and director of frozen operations for The Coca-Cola Co. Foods Division. He will be responsible for all matters related to the Division's frozen citrus business.

Truitt

Truitt had served as vice president and technical director of the Foods Division since 1973. His appointment results from a reorganization of the Division's frozen operations to increase efficiency by unifying all functional areas of the frozen citrus business into one reporting unit.

Frozen operations will be centered in Auburndale, FL, site of the company's largest citrus manufacturing plant.

C5250-2

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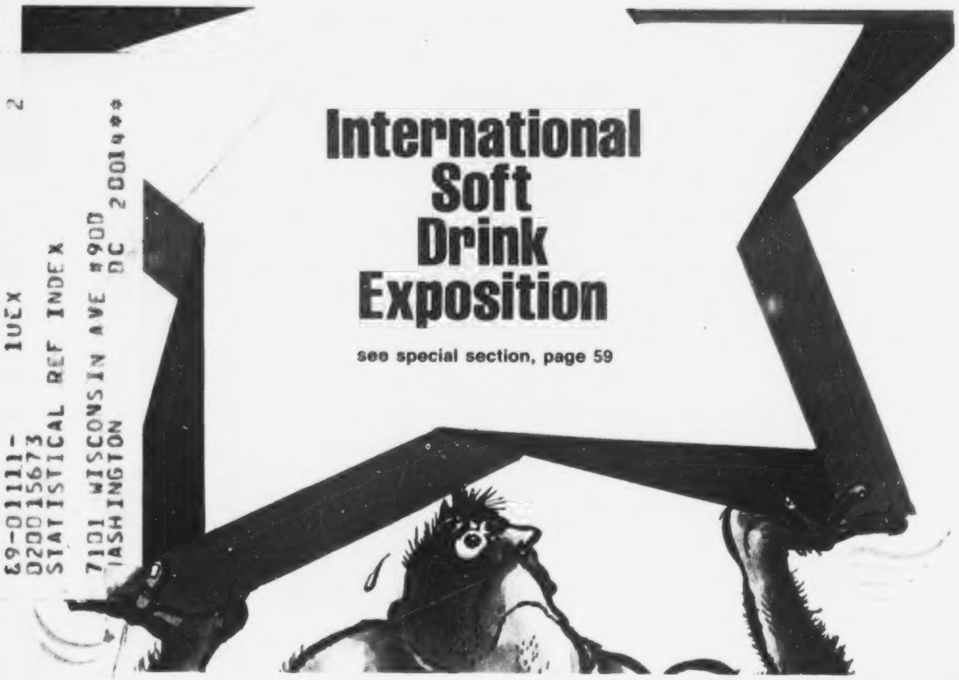
NOVEMBER 20, 1981

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

PUBLISHED EVERY OTHER FRIDAY



International Soft Drink Exposition

see special section, page 59

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STATISTICAL REF INDEX
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Sisisky up for re-election as NSDA chairman

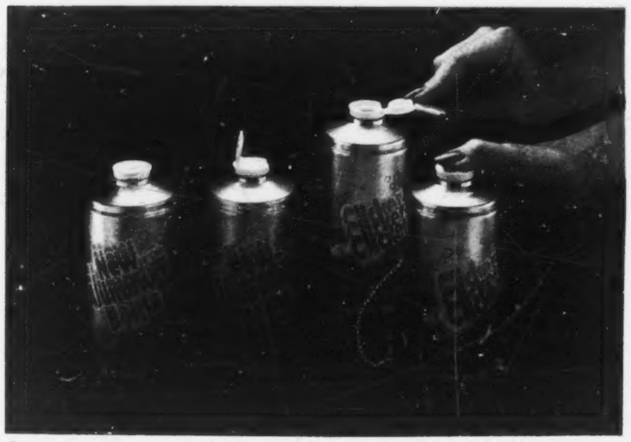
WASHINGTON, DC—Norman Sisisky, Pepsi-Cola Bottling Co. of Petersburg, VA, has been nominated for re-election as chairman of the National Soft Drink Assn. by the 1981 Nominating Committee.

Also nominated for re-election was Bob W. Delauter, Coca-Cola Bottling Co. of Portland, Portland, IN for vice chairman.

The committee which met on September 15 also nominated seven candidates for three year terms on the NSDA Executive Board. The candidates were: Donald E. Benson, MEI Corp., Minneapolis, MN; George Connor, Baton Rouge Coca-Cola Bottling Co., Ltd., Baton Rouge, LA; Alfred L. Griggs, Coca-Cola Bottling Co. of Northampton, Northampton, MA; Henry M. O'Neill, Jr., Beverage Management Inc., Columbus, OH; John A. Robertshaw, Jr., Pepsi-Cola Bottling Corp. of Kecksburg, Greenburg, PA., Larry Smith, Atlantic Soft Drink Co., Columbia, SC; and James E.

(Continued on page 156)

Resealable, all-aluminum bottle



Continental's new developmental all-aluminum bottle has resealable closure, the "Clicker". For details, see page 48.

American Can petitions F&DA to label can ends

WASHINGTON, DC — A soft drink can manufacturer has petitioned the Food and Drug Administration for exemption from labeling placement requirements to provide it with the competitive advantage now enjoyed by bottle makers.

The American Can Co. contends that can manufacturers should be allowed to place the maker, packer or distributor's name clearly and conspicuously on the lid instead of the open-top container. If such labeling is allowed, the declarations would be embossed in 1/8 in. type, would follow the curvature of the lid and not be removed or obscured by the can's tab, the petition states.

The problem with current regulations, the company maintains, is that they distinguish between can and bottle placement of the soft drink franchisee's identification on

(Continued on page 154)

BI Package of the Week

In first major change since the swirl was added, size of the Coke logo has been increased on all packages. See page 156.

BI Week

- **Philip N. Hughes, president of Beverage Products Group, Tulsa, OK, has been named the 1981 recipient of *Beverage Industry's* Man of the Year award. Hughes was nominated by six company executives and his nomination was endorsed by some 14 additional industry and community leaders. Hughes will be honored at this year's NSDA meeting and will be profiled in *Beverage Industry's* issue of December 4.**

- **Who's ahead in food store sales? According to several Pepsi bottlers, the Neilson figures — which monitor a large portion of this market — give Pepsi a 1.3 share point edge over Coke for '81 through July. Pepsi's allied brands are also reportedly gaining market share in this segment. Other sources say Coke has made significant gains. The two are "neck and neck."**

- **Summerfield Johnston, president of Johnston Southern Co., Chattanooga, TN (which also owns Johnston Coca-Cola, Cleveland, TN and other Coke franchises in the**

(Continued on page 187)

GVA vending program could generate $20 million

WASHINGTON, DC — The Glass Packaging Institute headquartered here has just announced an expanded version of its Glass Vending Association program to begin December 1, called "Go First Glass II."

"We're projecting that Phase II of the GVA program could generate $20 million or more toward the purchase of vending machines to dispense pre-labeled single service glass," said Gunter Rohland, GPI vice president. "We believe it will be one of the biggest vending incentive programs in bottler history."

The participating glass container manufacturers voted unanimously to fund the new program, according to Rohland. "Their decision reflects the proven consumer preference for pre-labeled single service and the high level of enthusiasm and participation by bottlers."

In Phase II, a bottler earns credits of 4 cents per case for qualifying purchases of 10 and 16 oz. pre-labeled single service glass bottles from December 1, 1981, through Au-

(Continued on page 153)

Houston, TX. For a look at the equipment, the operation and the people who run it, see **page 100.**

Latrobe Brewery cuts coding costs 50%

With a new laser coding system developed by Laser-Mark, the Latrobe Brewery has been able to cut dating and coding costs up to 50%. The system involves directing a clean, defined beam of light through a stencil that conforms the light to the shape of each code character. The laser removes a minute amount of ink from the cans and the code is permanently made. For more details, see **page 108.**

Profile: China Coke

The new Coke plant in Beijing, China is the first since 1949. It opened with a fanfare of balloons and a ribbon cutting by Roberto Goizueta, Coca-Cola chairman, this past April. An overview of the operation begins on **page 112.**

Radio stations join bottlers in promos

Bottlers looking for an innovative way to promote their products and increase visibility may find success cooperating with a local radio station in a plastic card promotion. For information on how to start up such a promotion, see page **121.**

Soft drink warehouse management

Two consultants from Profit Management Development explain how to utilize warehouse space to the optimum. For a diagram of an ideal warehouse layout and a detailed explanation of how to set up the system that's best for you, turn to **page 129.**

Arizona BIRP proves recycling profitability

The Beverage Industry Recycling Program, started in 1971, is proving to be a profitable business throughout the Southwest and around the United States. For a history of its growth, and comments from some of the key individuals involved in the program, see **page 132.**

Arrangement for a beer warehouse

A consultant with Beverage Management Associates explains how to arrange a temperature controlled beverage distribution facility. For a diagram and detailed description, see page **140.**

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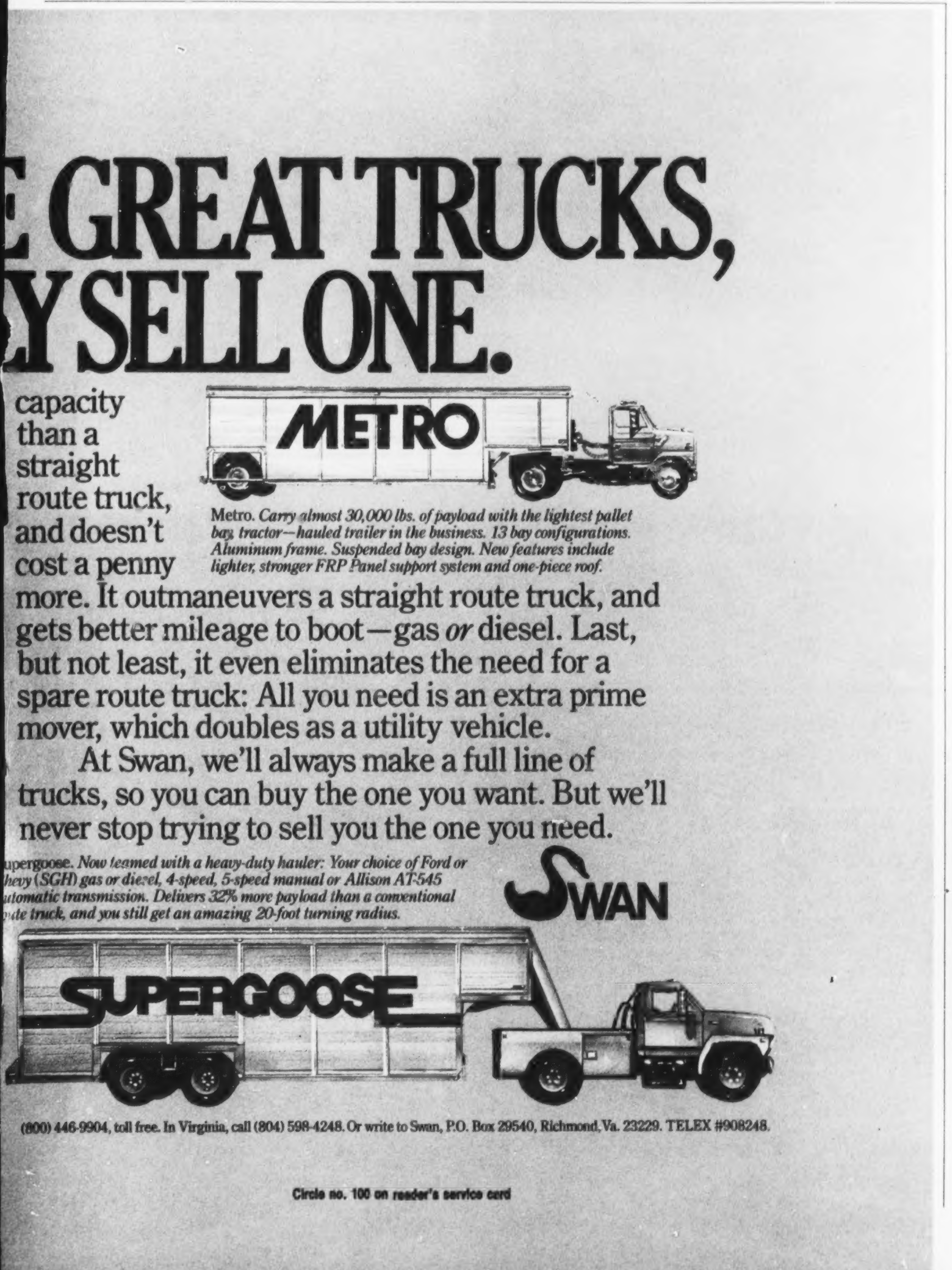
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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	June '81	July '81	% change
Bottles	30,303	29,490	(2.7)
Beverage: refillable	461	359	(22.2)
nonrefillable	6,557	6,742	2.8
under 10 oz	—	—	—
10.0 to 15.9 oz	2,061	2,067	0.3
16.0 to 16.9 oz (includes .5-L)	3,521	[illegible]	1.7
17.0 to 33.9 oz (includes 1-L)	[illegible]	558	15.3
34.0 oz and over (includes 2-L)	—	—	—
Beer: refillable	143	84	(41.3)
nonrefillable	11,217	11,352	1.2
under 11 oz	2,035	2,095	2.9
11.0 to 15.9 oz	8,615	8,650	0.4
16.0 and over	567	606	6.9
Liquor	1,462	1,159	(20.7)
Under 125 ml (4.23 oz and under)	185	92	(50.3)
126 to 275 ml (4.24 to 9.3 oz)	294	267	(9.2)
276 to 500 ml (9.31 to 16.9 oz)	176	143	(18.8)
501 to 800 ml (16.91 to 27.04 oz)	269	270	0.4
801 to 1000 ml (27.05 to 33.80 oz)	374	241	(35.6)
1001 ml and over	164	146	(11.0)
Wine:	762	636	(16.5)
126 to 500 ml (4.24 to 16.9 oz)	134	73	(45.5)
501 to 800 ml (16.91 to 27.04 oz)	335	349	4.2
801 to 1000 ml (27.05 to 33.8 oz)	92	88	(4.3)
1001 to 1600 ml (33.81 to 54.08 oz)	148	96	(35.1)
Over 1600 ml (over 54.08 oz)	53	29	(45.3)

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	June '81	July '81	% change
Metal (for spirits, wines)	45,733	50,262	9.9
Plastic (for spirits, wines)	100,920	72,961	(27.7)
Metal crowns (beer and soft drinks)			
Soft drink (convenience types)	1,616	2,393	48.1
Soft drink (conventional types)	8,596	6,791	(21.0)
Beer (convenience types)	12,674	12,112	(4.4)
Beer (conventional types)	2,138	2,867	34.1
All other metal closures other than crowns	7,251	7,830	8.0

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	July '81	August '81	% change
Beer*	16,563,608	16,711,545	0.9
Whiskey	6,519,626	5,811,121	(10.9)
Brandy	263,535	418,677	58.9
Gin	393,537	401,368	2.0
Rum	77,489	80,361	3.7
Scotch	3,721,341	3,081,377	(17.2)
Cordials and liqueurs	840,078	[illegible]	(28.5)
Others	738,617	849,925	15.1
Total	[illegible]	[illegible]	[illegible]
Sparkling wines	[illegible]	520,123	(5.5)
Still wines, table	[illegible]	8,728,041	10.2
Still wines, fortified	128,840	[illegible]	33.8
Vermouth	[illegible]	225,049	22.4

[illegible]

Selected Consumer Price Index

(The year 1967 equals 100)

	June '81	July '81	% change
Cola	294.1	290.8	(3.3)
Other carbonated soft drinks	139.3	138.3	(1.0)
Noncarbonated drinks	134.4	134.0	(0.4)
Wine	233.4	238.8	3.5
Beer and ale	202.4	202.4	0.0

Sweetener data

(Cents per pound, dry basis)

	July '81	August '81	% change
HFCS wholesale prices			
California	21.29	20.75	(2.5)
New York	22.54	21.73	(3.6)
Chicago-West	22.18	21.56	(2.8)
Beet sugar wholesale prices	28.02	—	—
Dextrose wholesale prices			
California	31.52	30.01	(4.8)
New York	30.05	28.54	(5.0)
Chicago-West	30.05	28.54	(5.0)

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	June '81	July '81	% change
Bottles and cans	15,205,385	15,118,684	0.8
Barrels and kegs	2,087,928	2,252,020	7.9
For export	234,041	214,773	(8.2)
Other	18,783	11,792	(37.2)
Total	17,546,137	17,597,268	0.3

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	May '81	June '81	% change
Still wines (bulk)	120,616	89,414	(25.9)
Still wines (bottled)	28,911,216	31,112,696	(7.6)
Effervescent wines (bulk & bottled)	1,982,648	2,419,011	22.0
Total	31,014,480	33,621,121	(8.4)

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	May '81	June '81	% change
Whiskey	11,950,062	14,551,633	21.8
Brandy	1,059,878	1,311,238	23.7
Rum	1,273,355	1,580,133	24.1
Gin	2,965,843	3,702,840	24.9
Vodka	8,367,591	8,932,890	6.8
Cordials and liqueurs	2,093,100	2,830,797	35.2
Cocktails and mixed drinks	483,427	775,337	60.9
Total	28,193,256	33,684,918	19.5

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	June '81	July '81	% change
Plastic bottles (blow-molded)	1,316,010	1,291,585	(1.9)
Carbonated beverages*	222,676	226,444	1.7

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Department of Commerce
Bureau of the Census

Copyright: Beverage Industry
November 20, 1981

If problems are solved

Plastic could capture 21% of soft drink package volume by '85

SPECIAL REPORT — Assuming some major problems can be solved, the .5-L PET (polyethylene terephthalate) could grow from an insignificant number of units this year — under 150 million — to a projected half billion units in '82 and to two billion units in 1985.

Such growth would mean that an estimated 21.1% of total soft drink volume would be in PET, according to Arthur Stupay, packaging analyst and general partner of the brokerage firm Prescott, Ball & Turben, Cleveland, OH.

In spite of the significant gains he sees for the plastic container, Stupay stresses that the growth will come only if some problems which plague the .5-L container are solved. He pinpoints these as shelf life, raw material prices and line speeds.

Calling his estimates conservative, Stupay adds, "One of the major stumbling blocks to the .5-L's growth is the continuing problems of taste. If consumers feel that the product does not taste as good in plastic as it does in glass, they won't buy it and the container will not gain wide acceptance."

According to Stupay's packaging projections, released exclusively to **Beverage Industry**, plastic growth could speed the erosion of 16 oz. returnables in many areas of the country, trigger fierce battles with and signal reduced market share of 16 oz. nonreturnables and will aid in breaking the hold of cans in the vending segment, thus slowing can volume growth.

However, he also projects continued volume growth in all packaging segments into the mid-'80s: cans up from an estimated 25 billion units this year to a projected 30.7 billion figure in '85; one-way bottles from 11.5 billion in '81 to 13.6 billion in '85; returnable bottles up a scant 0.2% to 25 billion in '85, and the 5.9 billion unit volume increase in plastics from '81 to '85.

Obviously, Stupay projects a steady increase in the volume of all soft drink packages to match industry growth: an estimated 73.9 billion equivalent 12 oz. containers this year, up 4% from '80; another 4% increase in '82 to 76.9 billion units; a 4.5% increase in '84 and '85, with projected volume of the latter year at 87.8 billion units.

Future shifts in percent of market for the soft drink package segments, according to Stupay, look like this: plastics increasing its market share from this year to '85 by 3 percentage points as already mentioned; cans expanding its market share by 1.2% over that same period to 35%; returnable glass off 5.1% to 28.4% of the projected '85 market; one-way bottles dipping by just 0.1% to 15.5% of the '85 share of market.

"A growing soft drink market means growing shipments of all nonreturnables, with the fastest growth to be achieved by plastics, some further growth by cans and slower growth of one-way bottles," says Stupay.

"The point to realize," he continues, "is that when you have a new product in a fairly dynamic market, it doesn't eliminate the growth of older products in the market. The growth of plastics from 17% of the market in '81 to over 21% comes mainly at the expense of returnables, and to a lesser extent reduces the growth rate of the non-returnable—we still see a 20% gain in one-way bottles over this period ['81-'85]."

Stupay told **BI** that the projected 2 billion .5-L plastic volume in '85 represents "a conservative growth rate based on learning curve experience of bottlers with the package and by consumers with the package," together with, he says, a "factor for technological change and improvements in product quality."

"If it were a completed product it would take over the

(Continued on page 42)

Soft drink package mix

Volume in billion 12 ozs. equivalents

	Cans		1-way bottles		Ret. bottles		Plastic bottles		Total		% change from previous year
	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	
1979 actual	25.7	37.6	10.6	15.5	23.3	34.0	8.8	12.9	68.4	100.0	
1980 actual	25.7	36.1	10.7	15.0	23.6	33.3	11.1	15.6	71.1	100.0	
1981 estimated	25.0	33.8	11.5	15.6	24.8	33.5	12.6	17.1	73.9	100.0	3.9
1982 projected	26.0	33.8	12.0	15.6	24.2	31.5	14.7	19.1	76.9	100.0	4.0
1983 projected	27.3	34.0	12.2	15.2	25.0	31.0	15.9	19.8	80.4	100.0	4.0
1984 projected	29.0	34.5	12.8	15.2	25.0	29.8	17.2	20.5	84.0	100.0	4.5
1985 projected	30.7	35.0	13.8	15.5	25.0	28.4	18.5	21.1	87.8	100.0	4.5

Source: Prescott, Ball & Turben

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November 20, 1981

Beer package mix

Volume in billion 12 ozs. equivalents

	Cans		1-way bottles		Ret. bottles		Plastic bottles		Total	
	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market
1979 actual	28.7	58.3	15.9	32.4	4.6	9.3	NA	—	49.2	100.0
1980 actual	29.5	58.5	16.4	32.5	4.5	9.0	NA	—	50.4	100.0
1981 estimated	30.7	59.4	16.4	31.7	4.6	8.9	NA	—	51.7	100.0
1982 projected	31.8	60.0	16.8	31.7	4.4	8.3	NA	—	53.0	100.0
1983 projected	32.9	60.2	17.3	31.7	4.4	8.1	NA	—	54.6	100.0
1984 projected	33.9	60.3	17.3	30.8	4.3	7.7	.7	1.2	56.2	100.0
1985 projected	35.0	60.4	17.3	29.8	4.3	7.4	1.4	2.4	58.0	100.0

Source: Prescott, Ball & Turben

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November 20, 1981

Plastic soft drink bottles

[illegible] in millions

	1979		1980		1981		1982		1983		1984		1985	
	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.
2-L	1.5	8.3	1.9	10.6	2.1	11.8	2.3	12.9	2.4	13.4	2.5	14.0	2.6	14.6
1-L	.2	.5	.2	.5	.3	.8	.4	1.1	.4	1.1	.4	1.1	.4	1.1
.5-L	-	-	-	-	-	-	.5	.7	1.0	1.4	1.5	2.1	2.0	2.8
Total		8.8		11.1		12.6		14.7		15.9		17.2		18.5

Source: Prescott, Ball & Turben

Copyright: Beverage Industry and Arthur Stupay

Packaging

(Continued from page 40)

market during the next two or three years, but there is still quite a bit of development work to be done," says Stupay.

If the shelf life and carbonated retention problems are worked out within the next year and a half, Stupay says his projections for the .5-L are "subject to sharp upward revision." The '84 and '85 figures for the bottle "could be double" what he now projects. "I wanted to be conservative. The plastics companies say it (the .5-L) will account for over 50% of the 16 oz. market. I'm saying that, at a minimum, the volume figure will be 2 billion units."

At a recent meeting of the Glass Packaging Institute during which Stupay addressed officials and members, he summed up this way: "I expect that growth of .5-L PET in '82 will come at the expense of both non-returnable glass and returnables. The critical year is '83.

"Will plastics take 50% of the .5-L market composed of 5.5 billion units, or will it flop?

"There is no definitive answer, but 2-L plastic made it despite the energy scare and shelf life and taste problems. Also, 1-L and .5-L are growing. Cost comparisons are improving, learning curve experience is favorable and consumers clearly desire plastics in this age of Aquarius and Plastics."

In comparison to that 2 billion figure for the .5-L bottle, Stupay sees a 5.9 billion volume figure for the 16 oz. one-way, from which he projects that by '85 the .5-L plastic bottle will represent "about one-third to one-half" of the 16 oz. non-returnable packaging segment.

This thrust by the plastic bottle in the 16 oz. size range will be the catalyst for unprecedented growth of 10 oz. glass, mainly in vending, says Stupay. He sees 10 oz. glass, at an estimated unit volume this year of just under half a billion, growing to about three-quarters of a billion units in '82, topping 1 billion units in '83 and leveling off at 1.2 billion units in '84 and '85. Stupay even predicts that with an increasingly viable and popular 10 oz., a 12 oz. bottle might not be far off.

When told of the Stupay prediction of growing 10 oz. popularity, chiefly in the vending segment, an industry source, who did not want to quoted by name, suggested Stupay might have hit the nail on the head. The source explained: "With a very price conscious consumer, and with vending prices a particular concern, we might see the 'Candy Bar Syndrome' in soft drink vending; that is, not increasing price, but reducing size." However, the source, and others, suggested parent companies might not want to risk such a move. For now, even with increased competition in the vending segment, the can will continue to dominate.

In the family size, glass continues to give way dramatically to plastics. The 64 oz. glass bottle is all but extinct. The 2-L continues to grow, with an estimated 2.1 billion units this year, up to 2.3 billion in '82 and increasing by .1 billion units every year to '85, with volume that year projected at 2.6 billion units.

In the quart size range, glass is projected to fall in volume from .9 billion units this year to .75 billion in '85, while 1-L plastic grows from .3 billion actual units this year to

(Continued on page 44)

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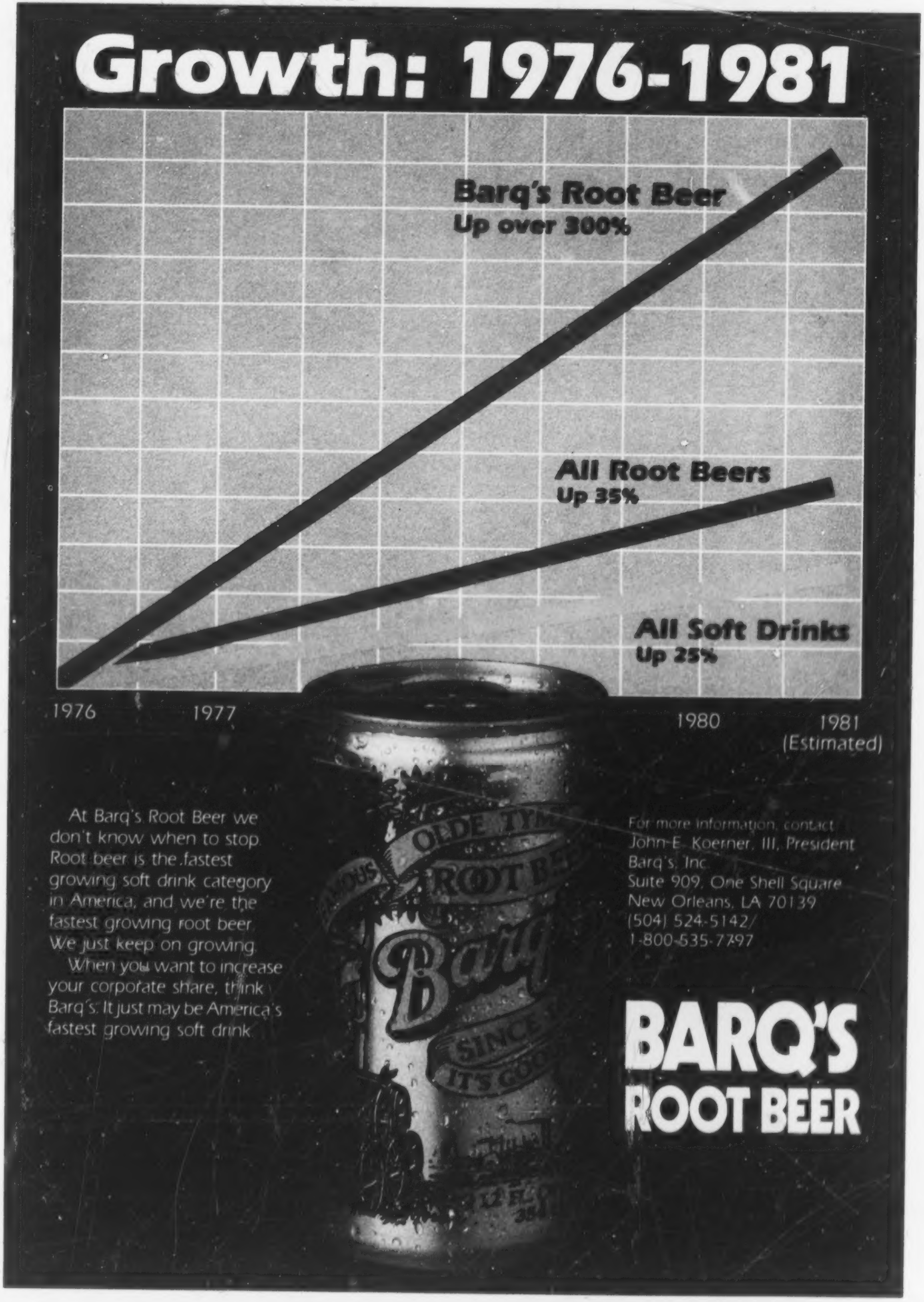

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Packaging

(Continued from page 42)

.4 billion next year, holding at about that volume through '85.

"There will be exploding growth in the .5-L plastic bottle," says Len Ryder, Ryder Associates, who predicts 1982 unit volume for the bottle at between .8 billion and 1.2 billion.

"There will be major selling price reductions in all plastics, maybe as much as 15% lower," says Ryder. However, he says that in-roads will not be made as severly against the returnable as Stupay predicts. "You have very price conscious people in the rural and semi-rural areas. The .5-L plastic bottle will not necessarily appeal to them."

Many bottlers agree—the .5-L will not make significant inroads in the 16 oz. returnable glass segment. Some bottlers say people better be watchful of cannibalization of the can, a very profitable package for most bottlers.

"Where is the .5-L going to be priced?" asks Jim Lindsey, president of the Pepsi-Cola Bottling Co. of Bakersfield, Inc. in California. "It could cut into the can. They'll have to do it without any economic penalty to themselves." Lindsey is not going with the .5-L right now and says, "We don't plan to take a leadership role in this package."

Lindsey calls the .5-L "technically not a good package," due chiefly to shelf life problems. However, he sees it catching on in California, but not necessarily due to reasons advocates of the package have been citing.

glass storage

"The fact of life out here—in fact, throughout much of the Pacific Northwest — is that there is a glass shortage. We can't get glass anywhere. Because of the pollution laws, no new furnaces can be built. So many people are going to go with the .5-L out of necessity," says Lindsey.

He thinks the .5-L will be competing heavily with 16 oz. Plasti-Shield, of course, but that both will be competing with the can. "If bottlers are not careful," Lindsey emphasizes, "they'll be trading people out of cans."

Lindsey also sees cans continuing strong in vending. He says that "cans offer an attractive solution to the vending problem—how to get more units in the machine. As for the 'Chocolate Bar Syndrome' scenario, he doesn't buy it.

"I've tried it. It won't work unless much cheaper packaging costs are available. Even when sugar prices were high, we didn't save enough per case to maintain that vending price. There are almost no savings in package size reductions in vending," Lindsey maintains.

In fact, if anything, Lindsey says it makes more sense to charge a nickel or dime more and increase a can or glass package size because "the bigger the package the cheaper it is for us."

Jim Owens, director of marketing for Hoover Universal, a manufacturer of plastic beverage bottles, says the .5-L will impact on 16 oz. glass the most. However, he says that 16 oz. non-returnables can be offered to the bottler at a lower cost than it is now. The economies are there with glass now, he maintains.

"There will be tremendous price wars between the .5-L—reducing material

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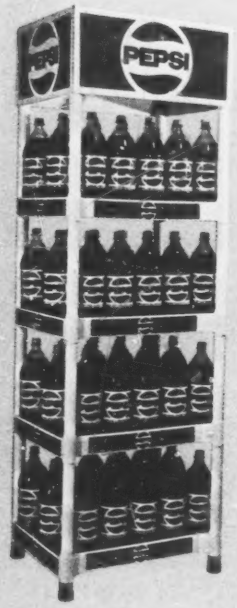

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costs—and the 16 oz. glass—reducing labor costs," Owens predicts.

However, with those price wars, the can could very well be a casualty as the six-pack price of 16 oz. glass and .5-L plastic come down.

Owens says Hoover's .5-L bottle with base-cup will be out before the end of the year.

Warren H. O'Neil, director of corporate communications National Can Corp., says "the move glass made into vending has spurred cans to be more competitive," and that the .5-L will further increase the competition.

"If the .5-L takes off, and it looks like it will, glass and cans will yield some strength," O'Neil says, adding that glass will feel the bite before cans.

10 oz. NR push

Maurice Davis, vice president-marketing for Liberty Glass, says flatly that "16 oz. is not a viable vending size" and that the company's 10 oz. 360 degree wrap Econo-pak (the company also has it in a 16 oz. size) is proving very popular.

"We have bottlers standing in the wings" for deliveries of the company's 10 oz. bottle," Davis states.

Richard J. Blajsczak, vice president of the Arkansas Beverge Co., Little Rock, AR, is another bottler who believes the .5-L will not significantly affect the 16 oz. returnable, especially "from Kansas City up through Pittsburgh."

Blajsczak, whose company has gone with the .5-L bottle and eliminated the 16 oz. Plasti-Shield from his packaging mix, says "the .5-L bottle is not being pushed. The retailers are not promoting it."

Blajsczak admits that the .5-L is not a "horse package, the package bottlers will lead with." He thinks selling it in four-packs is the only way to move it right now, but the parent companies are not allowing it.

It's just a matter of time before the .5-L "jumps all over" Plasti-Shield, Blajsczak believes, but he also says that "16 oz. Plasti-Shield is a profitable package," hence it will "retard .5-L expansion" to a certain degree.

Add to all this single service competition a plastic can, which could be commercial by the mid-80's, according to many in the industry.

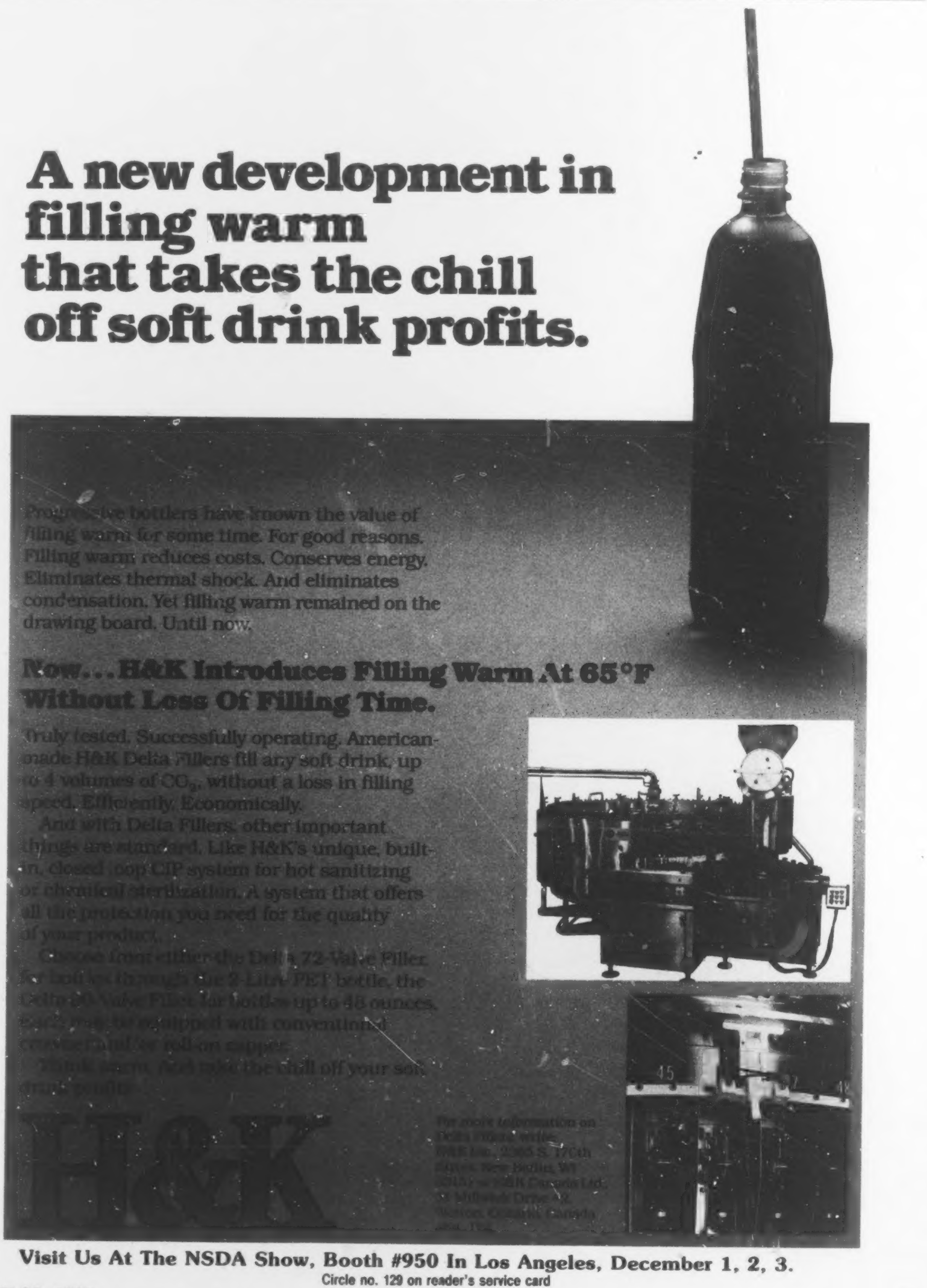
"In beer, with packaged consumption growing at 4% plus, I project that one-way bottles will grow at 1% annually through 1985, holding share in 1983 at 17%. Cans helped by aluminum now account for 59% and will rise to 60% in '83. At that time, plastics may enter the picture in the .5-L. It's not on the market, not yet feasible, not economic, but it is potentially significant," Stupay told GPI recently.

Stupay predicts a plastic bottle will come on the scene in the beer industry in '84 with .7 billion units, claiming 1.2% of the market. In '85, he projects plastic at 1.4 billion units, capturing 2.4% of the market.

"Premiums and super-premiums seem to be faltering," says Stupay. "Anheuser Busch's products seem to be gaining, so we could have a renaissance of cans again. Cans have a higher recycling value, and that's a main interest to many wholesalers, especially in mandatory deposit states."

With regards to plastics in the beer industry, Ryder believes a 2-L could be in the

(Continued on page 48)



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Continental's resealable all-aluminum bottle

SPECIAL REPORT — Continental's new developmental all-aluminum .5-L bottle would appear to have a lot going for it: its uni-alloy construction makes it totally recyclable; its size puts it into the industry's fastest growing market, the single-service segment; and it's new Clicker plastic closure gives it both pilferproof and resealable features.

Currently under consideration by at least three soft drink firms, **Beverage Industry** first heard of the container in private talks with franchise executives in mid-July. Continental reportedly will review the container at this year's NSDA convention, Dec. 1-3 in Los Angeles.

However, company executives are still taking the position that much work remains to be done on the container and that tests are still being made. When pressed for comment they say the container could be ready for test marketing in early '82.

Called the Clicker (because of the distinct sound the closure makes when it is opened and/or resealed) the container has a DWI 211 diameter body, necked to accept a 209 dome. These two elements are adhesively bonded at the point of manufacture.

The proprietary neck finish has an interior diameter of 1.093 in. Closures will be shipped separately and applied on proprietary CCC equipment after filling.

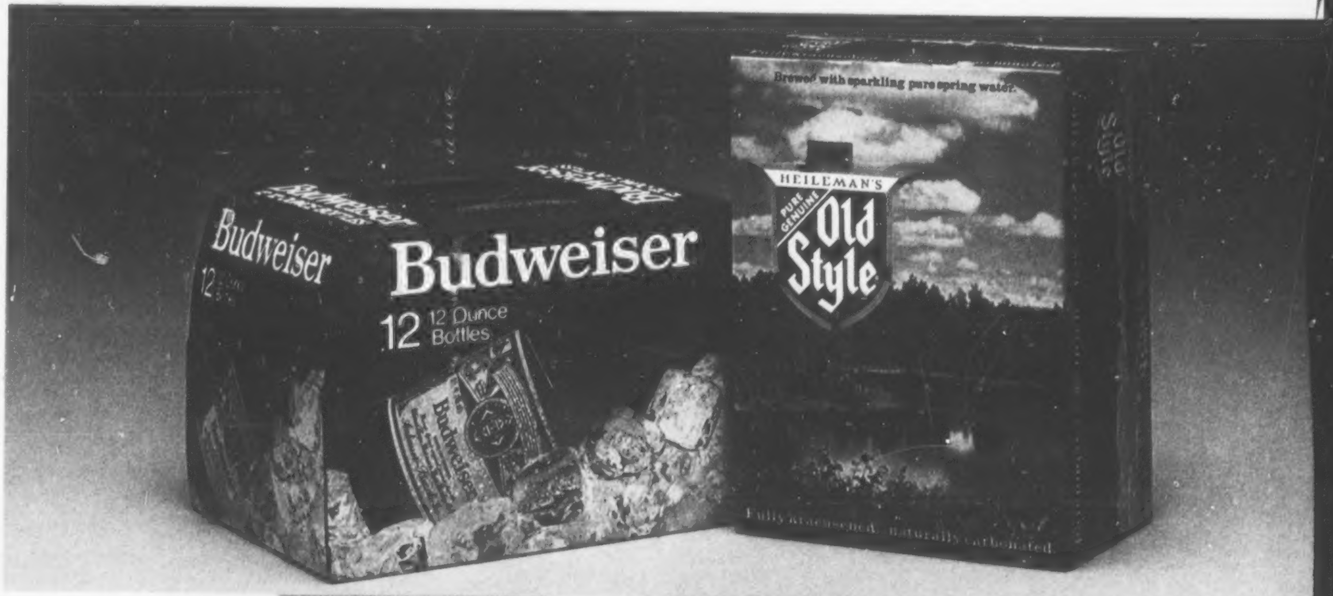
Although changes would be required, the metal bottle could be filled on either a bottling or canning line. (Overall height of the container is 6.75 in.; center of gravity is 3.438 in. above the bottom chime of the recessed base.)

No estimate of the actual changeover costs is available.

"Frankly it depends on the equipment on the line and that varies from plant to plant," a Continental spokesman told **Beverage Industry.** The container has not yet been run on either type of line.

Application of the closure — on either type of line — will require equipment to orient, feed and insert the polypropylene device. The closure is opened by lifting the tab. The first click signals the breaking of the tamperproof seal and vents the container. The second click comes when the tab is pushed back and the internal seal has been broken. After the two "clicks" the top portion is folded back. The pouring and/or drinking edge is opposite the closure hinge (see photo, page 1).

To close, the process is re-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Packaging

(Continued from page 45)

offing as early as late next year.

"A brewery always wants a new package," says Ryder. "There will be a public test marketing of draft 2-L plastic sometime next year. The economies dictate a family size, not a 16 oz." He sees refigerated draft beer in a family size plastic container as just around the corner, with non-draft beer in plastics occuring in '84.

Trends in the European soft drinks market

Research and marketing consultants regularly spend time distinguishing between one product and its competitors, one brand and its rivals, one company and its fellow players. The objective of these analyses is nearly always the same: to identify the strengths and weaknesses of the product, brand and company in the market place.

Frequently, developments in the United States precede similar changes in the European market. Increasingly, straws which are first seen blowing in Europe's breezes reach the American mainland at gale-force speeds. A few of the following examples of those may presage significant changes in the traditionnal concepts of what constitutes the soft drinks market in Europe.

Packaged shandy — has been around for some time in the UK and Holland but is now breaking out all over Europe, aimed not at children (as was the case in Britain), but at a more adult market. That marketing shift has been taken up in Britain.

Non-alcoholic beer — once dismissed as a nine-day wonder, non-alcoholic beer is now an established segment with entrants from mainstream brewers such as Bass, Watneys and Union de Brasseries in France. Add that together with the retargetting of shandy and you will see how the once very clear dividing line between beer and carbonated soft drinks is becoming blurred.

Ready-to-drink Ribena — Previously offered as a syrup for dilution by the consumer, Ribena, the leading blackcurrant health drink in the UK, is now launched ready-to-drink in single-serve cartons. Other leading squash manufacturers are believed to be making similar moves.

The traditional relationship between squashes and syrups on the one hand, and carbonated soft drinks on the other is about to be transformed by the introduction of what should now be termed non-carbonated soft drinks. The "still drink," until recently confined to continental Europe, is leaping across the Channel.

Drinking yoghurt — No stranger of Scandinavia, drinking yoghurt is becoming a Europe-wide phenomenon as the entry of France's leading co-operative brand (Yoplait) illustrates. The competitive threat to non-carbonated lemonades in single-serve cartons from similarly packaged flavoured milks and drinking yoghurts is already an accepted fact. The threat from the Yoplait-type products (in a small wide-mouth plastic bottle) is more subtle and all embracing, relevant even to the health image so successfully exploited by mineral water based brands such as SPA Citron.

These examples, seemingly chosen at random, are all

Editor's note: *The above article was delivered at a meeting of the Coca-Cola Northern European Div. Bottler Strategy Conference in Stockholm, Sept. 25, 1981, by Kelsey Van Musschenbroek, director, Canadean Ltd., European Soft Drink Service.*

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Europe trends

(Continued from page 145)

Population trends in Europe

(15 countries)

	1970	1980	1990	2000
Total (million)	324	338	346	356
Under 19 (million)	104	101	91	94
Under 19 (%)	32%	30%	26%	26%

Sources: UN; Canadean European Soft Drinks Service

Copyright: Beverage Industry, November 6, 1981

European shift from alcohol

	1975	1980	%-Change
Population over 19 (million)	229	237	+3.5
Alcohol* consumption per head (litres)	138.5	137.2	−1.0

*Beer, wine & spirits

Source: Canadean European Soft Drinks Service

Copyright: Beverage Industry, November 6, 1981

saying the same thing: that the soft drinks market in Europe is becoming a moving target; that many of yesterday's market concepts will have to be substantially qualified in the short term and probably discarded not long after.

underlying trends

Probably the most important notion that we believe should be immediately discarded is the still widely prevalent identification of the term 'soft drinks' with something that is exclusively carbonated and flavoured. Quite deliberately, the European Soft Drinks Service defines 'soft drinks' to mean not only carbonated soft drinks, but also still lemonades, squashes and syrups, fruit juices and nectars, as well as powdered drinks and, of course, mineral water.

This wider view of soft drinks represents the reality of today's market place, and is essential for a clearer understanding of the fundamental changes occuring there.

Let us examine some of these changing fundamentals, both in terms of the wider Europe (i.e. the 15 countries covered by the European Soft Drinks Service) and in terms of the seven countries which comprise the Northern European Division.

First, **population:** much has been said of the greying of America. The phenomenon is equally true of Europe. Although by 1990 Europe's population will be up on 1970 by 22 million (an increase of nearly 7%), there will be 13 million fewer people under the age of 19 (a decline of 12.5%). There is a small 3% increase in the under-19s projected for 1990-2000, but nothing like the 10% drop projected for this decade, which will be three times as fast as the contraction of the under-19s during the 1970s.

The seven countries of the Northern European Div. are right in line with the wider European population profile, with under 19s shrinking from 32% of total population in 1970 to 26% in 1990.

In short, the prime target age group for traditional carbonated soft drinks is shrinking faster than ever before, both proportionately and absolutely.

It is important to bear that

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European trends

(Continued from page 146)

in mind while examining the way in which the underlying pattern of total beverge consumption is shifting.

Total beverage consumption: The two largest markets of the Northern European Div. illustrate what has been happening. First the UK: between 1972 and 1980 total per capita beverage consumption is estimated to have risen by 10 L. to 508 L. per head (excluding water). Those litres are broken out in four main categories:

- Total soft drinks (as already defined)
- Milk and milk products (e.g. flavoured milk)
- Coffee and tea
- Alcoholic drinks (beer, wine, spirits)

From the period 1972-1980, by far the largest increase in "share of throat" has been in total soft drinks, from 10% in 1972 to nearly 17% in 1980. Milk's share was static; that of coffee and tea declined; while alcoholic drinks consumption managed only a very modest share increase.

The five main components of UK soft drinks are:

- Carbonates
- Squash
- Fruit juice, nectars and fruit drinks
- Mineral water
- Powdered drinks

Total soft drinks volume has moved up from 50 L. per head in 1972 to 85 L. per head in 1980. But there has been a significant change in the split of those litres between the five categories. The share of carbonates and squash declined, despite positive growth rates for most of that period. Powdered drinks seem unable to get off the ground. But fruit juice volume has really taken off. And this share-of-market analysis suggests fruit juices have taken more from squash than carbonates.

Turning now to the Neth-

All soft drinks long term European trends

Billion litres	1972	1979	1980	Average growth PA (%) 1972-79	Average growth PA (%) 1979-80
Carbonates	11.5	14.7	14.4	3.5	-1.4
Mineral water	6.6	9.3	9.5	5.1	1.6
Squash/syrups	3.6	4.5	4.6	3.5	2.1
Fruit juice	1.6	2.6	2.9	7.5	12.3
Total soft drinks	23.3	31.1	31.4	4.2	1.0

Source: Canadean European Soft Drinks Service

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Carbonates flavour trends in Europe

(% volume)	1978	1979	1980
Cola	28.2	29.8	30.4
Orange	23.7	23.5	23.6
All lemon	26.9	25.5	24.9
Tonic/mixers	5.8	6.1	5.9
All others	15.4	15.1	15.2
	100.0	100.0	100.0
Total (billion litres)	13.9	14.7	14.4

Source: Canadean European Soft Drinks Service

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Northern European Division vs all Europe

Share of . . .	1972	1980
Total population	28.7%*	28.1%
Under 19s	28.8%*	27.7%
All soft drinks	23.6%	25.5%

*1970

Source: Canadean European Soft Drinks Service

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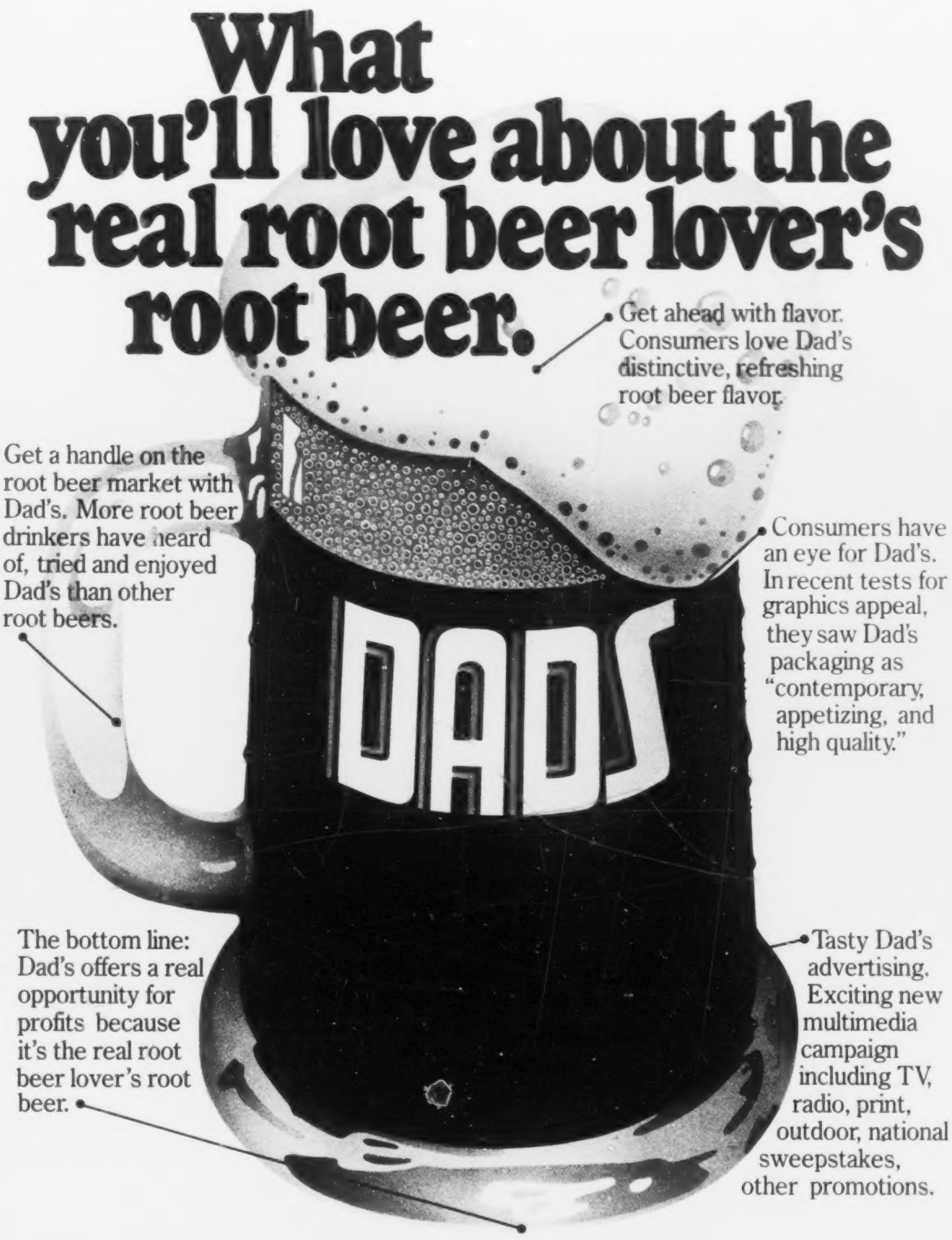

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erlands, a similar pattern of change is clear to see. As in the UK, there has been a static-to-declining "share of throat" for milk, coffee and tea, counterbalanced by a growing share for soft drinks, as well as a more significant increase in the share for alcoholic drinks — mainly down to higher wine sales, as beer and spirits consumption has undoubtedly peaked.

Breaking out total soft drinks consumption in the Netherlands, there have been even more noticeable shifts in the pattern of consumption between 1973 and 1980. Carbonates and syrups have lost market share, while there have been very big increases in the consumption of fruit juices and mineral water. (This year Spa Monopole will sell more in Holland than in Belgium). Sales of powdered drinks have been so small as to be statistically negligible.

Overall, while total soft drinks have been gaining market share in relation to total beverage consumption, carbonated soft drinks have been losing share to fruit juices and mineral waters, although they remain the largest single soft drink category.

SD growth rates

So far this analysis of trends has been expressed mainly in terms of market share changes. But "share of throat" hides what has been happening to relative growth rates. Especially since 1979 there has been a very marked deceleration in total soft drinks consumption. That there was any growth at all, however, was largely the result of an actual acceleration in fruit juice consumption associated with a decline in the real price of orange and apple juice, coupled with a surge in the availability of carton packaging.

Contrasting the Northern European Div. countries with all-Europe, the following differences emerge:

- The underlying growth of carbonates has been more vigorous, but so was last year's market decline.
- Mineral water growth has been more than double

Northern European Division vs all Europe

Share of . . .	1972	1980
Carbonates	25.8%	27.1%
Mineral water	1.8%	2.8%
Squash/syrups	57.0%	60.9%
Fruit juice	24.7%	35.7%

Source: Canadean European Soft Drinks Service

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Netherlands beverage consumption trends

(% litres per head)	1973	1980
Soft drinks	15.0	16.9
Milk	18.1	15.3
Coffee & tea	49.4	49.3
Beer, wine & spirits	17.5	18.5
	100.0	100.0
Litres per head	513	568

Source: Canadean European Soft Drinks Service

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Netherlands soft drinks

(% litres per head)	1973	1980
Carbonates	75.1	62.4
Syrups	16.8	13.5
Fruit juice	6.7	18.5
Mineral water	1.4	5.6
Powders	—	—
	100.0	100.0
Litres per head	77.6	96.2

Source: Canadean European Soft Drinks Service

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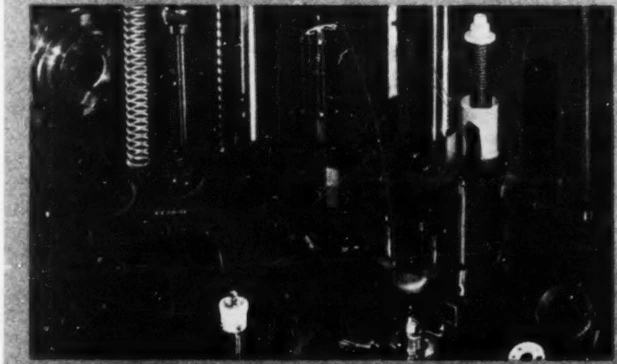

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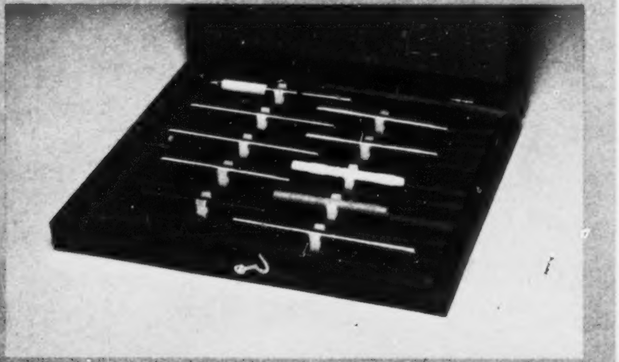

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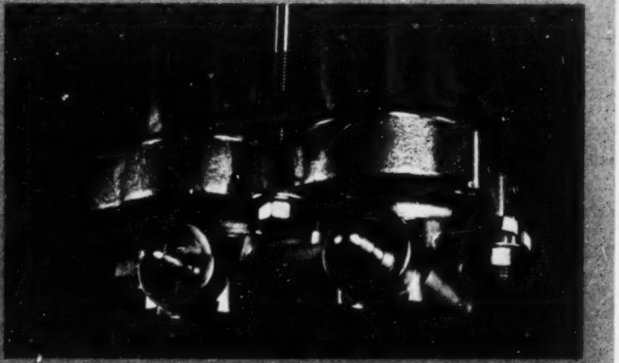

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UK beverage consumption trends '72-'80
(% litres per head)

	1972	1980
Soft drinks	10.0	16.7
Milk	13.5	13.4
Coffee & tea	53.0	43.5
Beer, wine & spirits	23.5	26.4
	100.0	100.0
Litres per head	498	508

Source: Canadean European Soft Drinks Service

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UK soft drinks
(% litres per head)

	1972	1980
Carbonates	46.0	44.7
Squash	48.0	45.7
Fruit juice	5.4	8.4
Mineral water	—	0.6
Powders	0.6	0.6
	100.0	100.0
Litres per head	50	50

Source: Canadean European Soft Drinks Service

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European trends

(Continued from page 149)

the European average, and has held up well especially in Holland and the UK.

- Mainly because of the dominance of the UK squash market, that sector has also held up well in the recession (consumer downtrading tends to underpin squash sales).
- Fruit juice sales have enjoyed well above average growth rates, even if last year there was a slight deceleration owing to a slow down in some Scandinavian markets.

flavour profile

The following results of a new analysis of carbonated soft drinks flavours is about to be published in the European Soft Drink Service Quarterly Review. Although for reasons of statistical integrity the analysis includes only the three years 1978-1980, the trends which emerge are believed to hold good for a significantly longer time-scale.

Reviewing all of Europe the following trends emerge:

- Colas are steadily gaining market share (30%), but still have less than half the penetration enjoyed by colas in the USA.
- Orange flavours are static (24%)
- Lemon flavours are contracting (25%)
- Tonics are stable (6%)
- Miscellaneous flavours from cedrate to grapesoda, shandy and iron bru have also demonstrated remarkable stability (15%)

The profile of the Northern European Div. countries does have some differences with total Europe, the main ones being:

- A somewhat lower cola penetration (28%);
- A significantly lower share for orange flavours (17%);
- And a much higher share for tonics/mixers (9%) as
- well as miscellaneous flavours (22%).

Taking a somewhat wider canvas, in relation to all of Europe, the seven Northern European countries have in the period 1972-1980 lost some share of total population, as well as lost a more significant share of the under 19 age group; but gained market share for total soft

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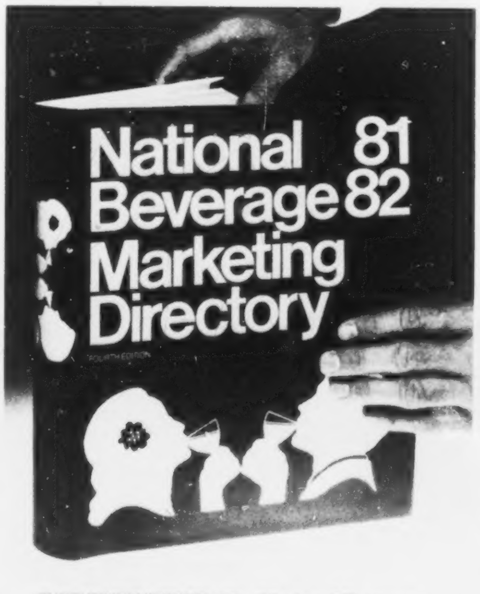

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drinks.

However, the fact that the Northern European countries' share of total European soft drinks volume (25.5%) is less than their share of population (28.1%) is a reminder that per capita consumption of soft drinks is still a little below the European average.

Making the same comparison for four of the main soft drinks categories (powders excluded), it will be seen that while Northern European countries now represent a greater share of consumption than in 1972, the share of European carbonates volume is still below the share of Europe's population (28.1%).

The Northern European countries' tiny share of European mineral water volume, on the one hand, and dominant share of squash and syrups on the other, are only to be expected. What is intriguing is the disproportionately large share of fruit juice consumption. It will be very surprising if Northern European countries can maintain that position when fruit juice sales in France, Italy and Spain really take-off — and there are certainly signs of a new momentum in Europe's "sun belt."

Looking at Europe as a whole, it becomes possible to synthesize current underlying trends so that signposts for the future are revealed fairly clearly. What all the "first-sight" indicators seem to be saying is that carbonates and squashes have, in relative terms, gone ex-growth, and that fruit juices and mineral water are the product areas of the future.

In this context, there is one important straw in the wind which adds a critical dimension to our thinking. As Europe's population has grown older there has not been the expected growth in alcohol consumption. Per capita consumption is actually showing a small decline on five years ago, so that total European volume is static at best.

adult market

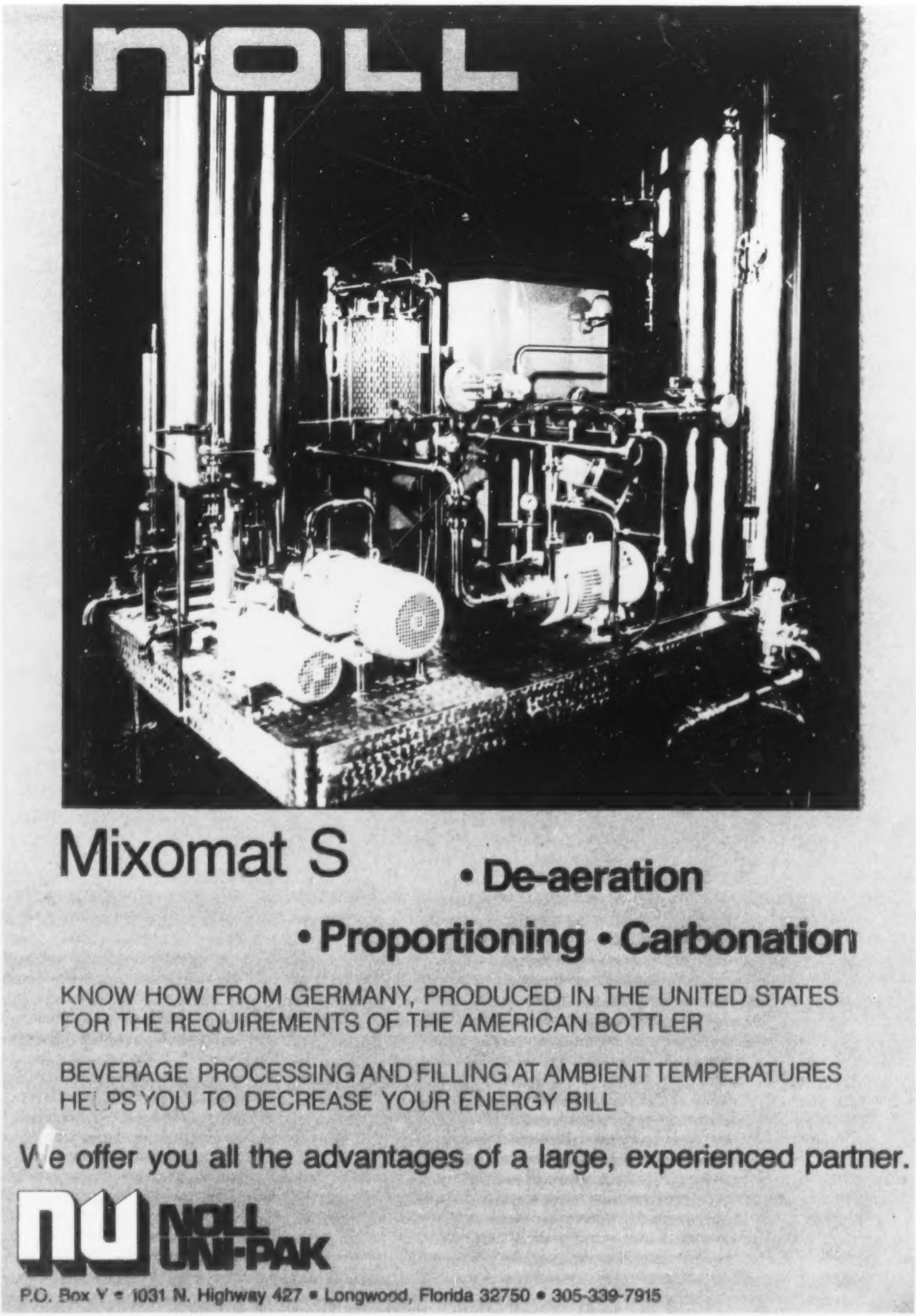
If adults are not drinking any extra alcohol, and per capita tea, coffee and milk consumption are also static or declining, that leaves only soft drinks to take up the slack.

The numbers do show a clear upward movement in total soft drinks at a time when the youth population is declining; they also show a contracting share of market for carbonates and squashes, which implies that fruit juice and mineral water are mopping up the incremental volume represented by the "new adult" market.

For a core carbonates company this represents as a challenge to position its products so that they can take advantage of the "adult drinks" gap which looks like opening up throughout this decade.

That challenge will be facing other players in the industry as well, so it may be relevant to review briefly the competitive trends, highlighted by the flavour survey. Over the three years 1978-1980, Pepsi grew faster — from a much smaller base, of course — in terms of its two main brands. It should be stressed that these are Europe-wide numbers, and performance varies significantly from country to country.

In the lemon-lime segment, Seven-Up Co. has also had the edge. However, it is not so much what Seven-Up rep-



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European trends

(Continued from page 151)

resents to day, as what it could represent in the future under its new ownership. The competitive situation has undoubtedly changed in the last three years with the arrival of Philip Morris and Procter and Gamble on the scene. Now there is Dr Pepper/Canada Dry to contend with as well.

distribution

The increasing share of soft drinks sales through fewer and fewer buying points in the organized food trade has become a Europe-wide phenomenon — with the possible exception of Italy.

The good news is that this development represents more opportunities for the movement of genuine volume, as well as opportunities for inventive merchandising — the pub trade could never offer that.

The bad news is that the price for that opportunity is wafer thin margins for the seller as he faces up the strong buyer. What takes the pressure off this encounter is the strength of the seller's brand.

packaging

Finally, packaging. Leaving aside the very real problem of government surveillance and direct intervention in the market place, never before have there been so many packaging options open to the soft drinks bottler, with more coming along all the time.

We already have three sizes of PET bottles with the .5-L bottle already on the market in the USA; new can sizes are about to straddle the old 33-Cl. unit.

Cartons are everywhere, so much so that discordant sounds are to be heard coming from the diversion of the environmentalists; "laminates," they say, are not biodegradable.

The old glass bottle is being made lighter, given wider-mouths, coated with plastic, and offered in a greater size range.

The contest has really been joined between the larger unit (1- to 2-L) and the smaller unit packed in multiples of 2.

Here, then, are the headlines: People are growing older and becoming more abstenious; they are drinking more soft drinks, but fewer carbonates. That represents a clear challenge for the world's best known brand. So does the growing volume opportunity represented by the superstore, as well as the increasing choice now on offer from new packaging technology.

About the author

Kelsey Van Musschenbroek founded Canadean Ltd. in 1973 as a specialist strategic planning and research group for the European food and beverage industry. He launched the European Soft Drinks Service in 1978 which now serves 25 clients in the soft drink, fruit juice, mineral water and packaging industries.

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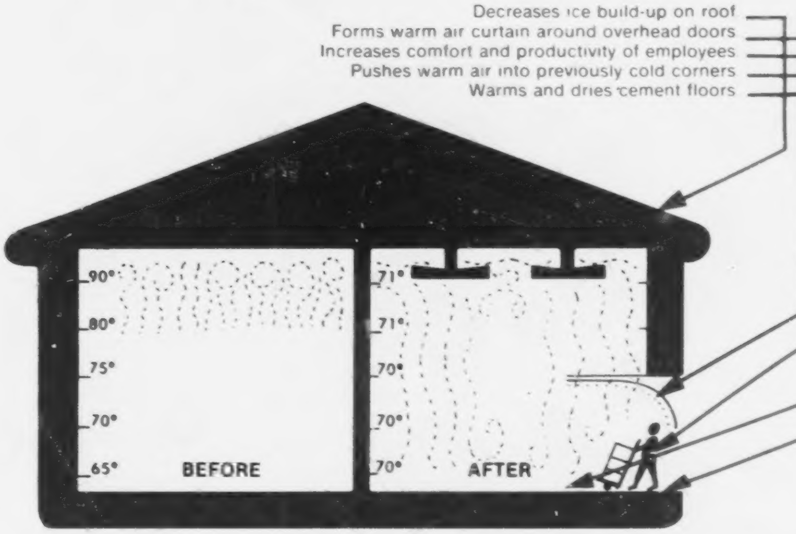
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Proposed: prelabeled bottles for beer

By **Edward Whelan,** manager, advanced development, **Rutherford Machinery,** Rutherford, NJ.

Most packaged beers are pasteurized after filling. Pre-labeled glass must not only be able to resist label damage during pasteurization, but also must not seriously interfere with the pasteurization process. The label must not insulate the contents or otherwise act as a significant barrier to the heat transfer essential to the pasteurization process.

Recent laboratory tests, conducted by Rutherford, compared Plasti-Shield bottles with full wraparound PolyClad prelabeled bottles using equal weight bare glass, as a control. The simulated pasteurization test demonstrated that effective pasteurization temperatures were reached in essentially normal pasteurization time with PolyClad and bare glass, while Plasti-Shield took about 2½ times as long to reach temperature. (See Tables 1 and 2).

While PVC labels were not available for this test; it is believed that the results with this material would be similar to PolyClad, depending somewhat on the thickness of the PVC and the relative area of coverage. In any event, this simulated test concluded that Plasti-Shield could not be run successfully in present pasteurization equipment. Sebsequent trial runs in a commercial brewery confirmed these conclusions.

The Rutherford PolyClad roll fed label system is capable of producing spot labels or full wraparound labels on 12-oz. beer bottles. Spot label speed is in excess of 500 bottles per minute. Actual speeds are dependent on label size. Full wraparound label speeds are currently limited to about 350 per minute.

The principal advantage of using a full wraparound label; in addition to providing a maximum billboard; is to prevent glass to glass contct during the many operations involved in packing, filling and shipping the glass. This in turn permits greater light weighting of the container; thus offsetting the cost of the prelabeling operation.

In the single service soft drink industry, the reduction in glass weight amounted to about 20%. This reduction in glass weight provided sufficient material cost savings and productivity improvements to reduce the selling price of prelabeled glass bottles below its bare glass counterpart.

The amount of lightweighting that can be safely accomplished in a 12 ounce beer bottle is probably more like 10% rather than 20%. The resultant savings to the glassmaker will therefore probably not be enough in itself to fully pay for the cost of the prelabeling operation.

Prelabeling, however, should provide savings in the brewery filling line through reduced labor, and improved line efficiencies to result in a net savings overall.

A comprehensive study was made of the net cost of pre-labeling, both with spot labels and wraparound labels at a glass plant, and the savings achievable at the brewery due to reduced labor and improved efficiencies. This study is summarized in Table 3.

Glass makers could supply prelabeled glass with spot PolyClad labels at an added cost of .0585/case or .3509/gross in present glass weight bottles. PolyClad wraparound labels, which take advantage of a 10% glass weight savings could be produced with added costs of about $.0400/case or $.2398/gross. In each instance, a brewery saving from present costs of $.0832/case or $.4992/gross is indicated resulting in net savings of $.0247/case, $.1483/gross for spot PolyClad labels; and $.0432/case, $.2594/gross for wraparound PolyClad labels.

Prelabeled non-returnable beer bottles are expected to stimulate the growth of glass and continue to erode the present domination of the market by cans. Although

Table 1: Simulated pasteurization test 10-oz NR bottles

Actual time	120°F rinse	Tank temp. °F	Immersion elapsed time in min.	Bottle water temperature°F Clear	PolyClad	Plasti-Shield*
AM 9:35	OFF			39	39	39
9:36	ON		−4	—	—	—
9:37	ON		−3	57	50	41
9:39	ON		−1	68	57	48
9:40	OFF	158	0	in tank	in tank	in tank
9:41		154	1	73	64	55
9:42		148	2	84	75	61
9:43		150	3	102	97	75
9:45		160	5	120	115	90
9:46		160	6	129	122	97
9:47		160	7	136	129	104
9:48		160	8	142	136	110
9:49		157	9	*145	143	117
9:50		157	10	147	*143.6	120
9:51		155	11	149	144	122
9:53		155	13	151	148	128
9:54		155	14	152	150	133
9:56		155	16	153	152	137
9:58		155	18	153	152	140
9:59		155	19	153	153	*143.6
10:00		155	20	154	153	145
10:03		157	23	154	154	147

*[illegible] 143.6°F [illegible] the Plasti-Shield, after 19 minutes [illegible]

Copyright: Beverage Industry November 20, 1981

Prelabeled single service containers

Aggressive marketing of the prelabeled single service is probably the most significant packaging advance in recent years in the soft drink industry. These containers are being used successfully to compete with the can particularly in vending.

Soft drink market share for cans was level in 1979 and 1980 at 68%. It is expected to drop to about 58% by 1985, with a total of 27.9 billion units. Prelabeled glass 16 oz. and under went from zero in the mid 1970's to 3.2% in 1979; 8.1% in 1980 and is expected to reach 27% or 13 billion units by 1985. Polyester terephthalate (PET) plastic bottles being test marketed in half liter size in 1981 are expected to capture at least 7.3% of the market or 3.5 billion units by 1985.

It is time to introduce the features of prelabeling to the brewing industry; where the advantages of improved label quality and overall economics, as demonstrated in the soft drink industry, can be similarly applied to malt beverages.

Prelabeling of glass and plastic bottles in the soft drink industry is manifested in two general types, and two generally different methods of manufacture. The most widely found type, used on glass, is Plasti-Shield. Kerr Glass, with its Ultra Performer makes a sleeve of PVC and shrinks it around the bottle. Variations of this system, such as O-I's Label-Lite, consisting of co-extruded foamed polypropylene-polystyrene sleeves are finding application with plastic soft drink bottles. PVC sleeves are also being test marketed with PET plastic bottles.

The most widely used type of prelabeling used on plastic bottles is a paper/plastic laminated label, applied from a roll, and wrapped around the bottle. This label is also widely used on single service glass bottles. Rutherford calls its process the Polyclad labeling system. The label is made up normally of a special non-wicking paper backing, laminated to a film of biaxially oriented Polypropylene. The printing can be applied directly to the paper; or it can be reverse printed to the inside of the film, prior to lamination. The lamination can be accomplished by adhesive application or by extrusion lamination using Polythylene.

It is expected that Rutherford, in cooperation with the several roll fed label manufacturers will develop variations in the basic construction of both supported and unsupported film laminates as future needs dictate.

- For more information on the **PolyClad labeling system,** circle no. 676 on the reader service card.

historically, cans always cost more than glass on a unit container basis; greater filling line speeds and other factors offset the container cost disadvantage of cans.

Higher speed glass filling lines, coupled with a widening cost differential between glass bottles and metal cans have tended to favor bottle growth in recent years. In the period of 1975 to 1980, the two packages grew at an annual rate of 10% vs 3% for metal cans.

The period of 1980 to 1985 is more likely to produce a growth rate more like 4% annually, making a total of 56.8 billion units for the two packages in 1985. Can growth is likely to be no more than 2% annually reaching 33.1 billion by 1985. N.R. glass growth during this period is likely to be about 7.5% annually reaching 23.7 billion. Relative market share for cans, which dropped from 71.3% in 1975 to 64.2% in 1980 would drop to 58.3% in 1985.

This is a likely scenario if the existing relationship between glass and cans remains as it is in todays market. If prelabeled glass is able to provide additional savings in the neighborhood of twenty-five cents a gross under present costs, the market share could shift even more strongly toward glass.

Table 2: Simulated pasteurization test 16-oz. NR bottles

Actual time	120°F rinse	Tank temp. °F	Immersion elapsed time in min.	Bottle water temperature°F Clear	PolyClad	Plasti-Shield
9:08	ON			38.5	38.5	38.5
9:10	ON			42.8	41.5	41.0
9:11	ON			47.5	43.5	43.5
9:12		160	0	in tank	in tank	in tank
9:13		155	1			
9:14			2	61	57	48
9:15		150	3			
9:16		145	4	79	70	54
9:17		145	5			
9:18		148	6	105	97	70
9:19		149	7	111	130	75
9:21		148	9	120	111	82
9:22		148	10	126	121	87
9:24		150	12	133	126	95
9:26		150	14	138	131	100
9:28		152	16	140	136	105
9:30		154	18	*143.6	140	111
9:31		154	19	145	142	115
9:32		154	20	146	*144	118
9:34		153	22	147	145	120
9:35		153	23	149	145	123
9:37		153	25	149	147	126
9:39		152	27	149	147	127
9:40		151	28	149	147	129
9:42		154	30	149.5	147.5	132
9:44		154	32	150	147.5	134.5
9:47		152	35	150	149	136.5
9:48		152	36	150	149.5	138
9:50		152	38	150	150	139
9:54		151	42	150	150	141.5
9:56		151	44	150	149.5	142
10:02		151	50	149.5	149.5	*143.6

[illegible]
20 minutes; the Plasti-Shield, after 50 minutes.
Source: Rutherford Machinery

Copyright: Beverage Industry
November 20, 1981

Table 3: Prelabeled beer bottles potential savings

Glass plant costs	spot label 2-7/16" x 3-7/16"		wraparound 2-15/16" x 8-3/8"	
	per case	per gross	per case	per gross
Depreciation	.0068	.0408	.0068	.0408
Use of Capital	.0031	.0184	.0031	.0184
Labor	.0157	.0943	.0157	.0943
Labels[1]	.0329	.1974	.1227	.7363
Total	**.0585**	**.3509**	**.1483**	**.8898**
Less .65 oz. glass wt.	—	—	.1083	.6500
Net Added Cost	**.0585**	**.3509**	**.0400**	**.2398**
Brewery costs eliminated by prelabeling				
Depreciation	.0053	.0318		
Use of Capital	.0044	.0264		
Labor	.0124	.0744		
Labels[2]	.0431	.2586		
Efficiency	.0180	.1080		
Total savings	**.0832**	**.4992**	.0832	.4992
Net Cost Reduction	.0247	.1483	.0432	.2594

[1] PolyClad labels @ $.15/1000 sq. in. glue $1.00/lb. 5 lbs/ream; 1.5% spoilage
[2] Die Cut labels @ $.20/1000 sq. in. glue $1.00/lb. 5 lbs/ream; 1.5% spoilage
Source: Rutherford Machinery

Copyright:Beverage Industry
November 20, 1981

About the Author

Edward Whelan has been active in packaging and graphic arts market analysis and equipment development for 25 years. He is manager of advanced equipment and business development for the Rutherford Machinery Div. of Sun Chemicals.

Pepsi

(Continued from page 169)

football player — all drinking Pepsi-Cola.

Sylvester stressed that this commercial — which may indicate how Pepsi will integrate "Generation" and "Challenge" in the future — will be used only in "Mature Challenge markets . . . those markets which have met per capita and other objectives and those markets where the mechanics of the taste test have been established.

Asked to give specific examples of "mature" Challenge markets, he named, Los Angeles, New Orleans and Dallas among others.

taste appeal

These commercials open with the invitation: "Come and taste it. Pepsi's got it. Pepsi's got your taste for life." And in addition to the "cowboy" version described above, others are available.

All open with quick cuts of the Pepsi Challenge taste test then proceed to humorous vignettes . . . a state trooper is humored by a youngster

(Continued on page 194)

Molson awards gold to treasure hunter

CHICAGO, IL — The Molson Breweries of Canada concluded the Molson Golden Treasure Hunt here, one of the largest advertising and promotional campaigns for an imported beer, on October 10 when a lucky Chicagoan discovered the $5,000 worth of gold in an area park.

The intensive effort was undertaken by The Martlet Importing Co. to increase Chicago-area sales of Molson beer and ale. Clues to the whereabouts of the Canadian gold were revealed by three waves of Molson radio commercials that aired continuously on 10 stations. Print ads ran in the sports sections of the Chicago Sun-Times and Chicago Tribune as well as 13 college newspapers beginning on September 25th. In addition, approximately 130,000 treasure hunt maps and wall displays were posted in bars and off-sale locations throughout the metropolitan area.

A major share of Molson's $9 million annual advertising and promotional budget had been allocated to support the Chicago drive. Molson's agency is Rumrill-Hoyt Inc., of New York City.

Similar localized concentration has made the Molson brands the number one selling import in Boston as well as most of the New England states, reports the company. Now, in an effort to expand distribution nationwide, the company is focusing its attention on the Midwest where other imports have carved out strong market positions.

This market-by-market saturation, mounted quietly by Martlet, has proven successful. In just five years, the company has established Molson as the nation's number two import.

In 1980, the combined total of all beer imports from Germany, Ireland, Denmark, Norway, Australia, Mexico and Japan did not equal the volume of Molson sold in the United States, despite distribution limited to only 30 states.

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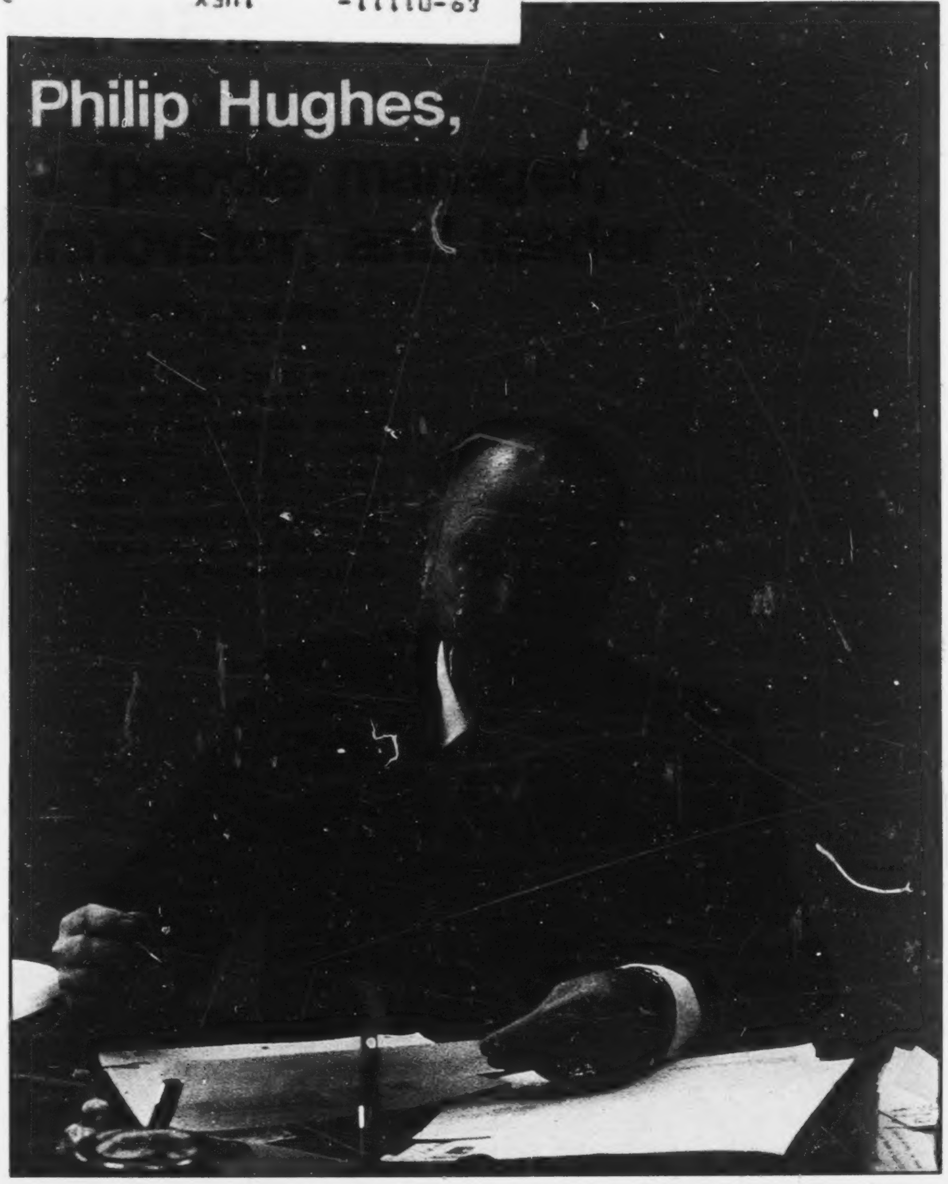


Philip Hughes, [illegible]

ABWA, CNW merge forming int'l assn.

WASHINGTON, DC — In an announcement made its 23rd Annual Convention in Reno, NV, the American Bottled Water Assn. located here disclosed its merger with the Council of Natural Waters, effective December 1, 1981.

Renamed the International Bottled Water Assn., the organization will operate under the direction of current ABWA executive vice president William F. Deal.

In commenting on the merger, Deal stated the IBWA "will now be the spokesperson for the entire industry." He also anticipates the association taking an active role in government and the education of the consumer.

"Policy changes will in-

(Continued on page 29)

FDA should review labeling regs: NSDA

WASHINGTON, DC — As part of its planned regulatory review to determine whether burdensome rules should be revised or revoked, the Food and Drug Administration should take a close look at its

(Continued on page 10)

Priorities outlined by ATF in semiannual agenda

WASHINGTON, DC — Even if the future of the Bureau of Alcohol, Tobacco and Firearms is uncertain, it's clear that ATF or whichever Treasury division inherits its load will have its work cut out for it, based on the agency's recently published semiannual agenda which runs through March.

One of the "top priority" ATF proposals being developed is a plan to exempt beer barrels and wine containers over 18-L from ingredient labeling requirements. The agency reasons that by eliminating such information from those containers which are rarely bought by consumers, the government and industry can reduce their paperwork burden by "combining two forms into one."

In response to a petition, ATF is also considering developing a "high priority" plan to allow the use of brand names with geographical significance relating to viticultural areas. A "regular priority" matter which also

(Continued on page 29)

BI Week

- Beatrice's $600 million dollar acquisition of Los Angeles Coke may just be the tip of the iceberg. A number of Wall St. analysts and soft drink insiders say that Coca-Cola may end up acquiring the entire Beatrice operation. Not as far fetched as it sounds, the complicated deal would require Beatrice to sell off its RC holdings — a foregone decision before Coke agrees to transfer the franchise. Although acquisition of the Beatrice Tropicana division might present some anti-

(Continued on page 31)

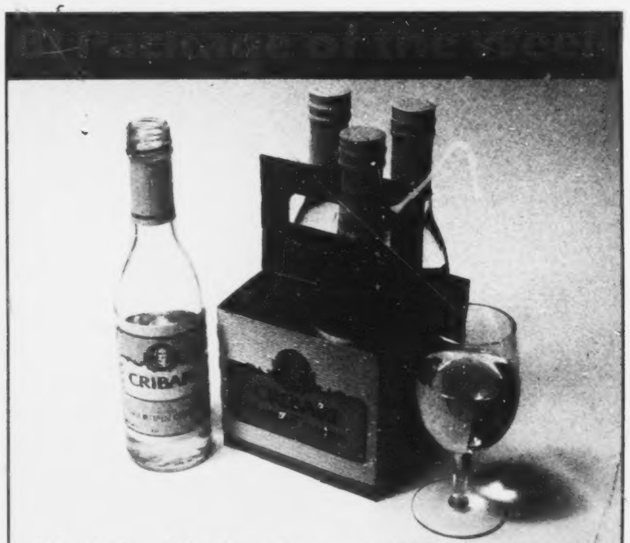
Woodruff
Man of the Century

Robert W. Woodruff, chairman emeritus of the finance committee of the board of directors of The Coca-Cola Co. has left an indelible mark on his company and on the soft drink industry.

As a reclusive executive he has avoided the public eye all of his professional life. No one — outside a few close friends and fellow executives — know the full impact of the man's abilities.

He is truly a living legend in the soft drink business. In this special issue in which *Beverage Industry* annually salutes an outstanding industry, we also wanted to acknowledge the leadership he has exhibited. He fully deserved the title, "Man of the Century".

(See page 30)



Cribari wines introduces four pack of 375 ml bottles. P. 7

Contents

Phil Hughes elected Man of the Year

Philip Hughes, president of Beverage Products Corp. has been named the 1981 **Beverage Industry** Man of the Year. For an in-depth interview with this year's winner, see **page 1.**

A-B strong through 1983

Total beer sales at Anheuser-Busch, Inc. will reach 63.5 million barrels in 1983, more than 9 million barrels over this year. A-B's sales volume for 1981 was 8.5% above last year, and a similar increase in 1982 is seen. For more details, see **page 6.**

Pabst blames costs, volume for losses

Pabst Brewing Co.'s president and CEO, William F. Smith has announced steps to be taken to control costs and increase volume. For the first nine months of 1981 Pabst had sales of $644 million on 10.7 million barrels shipped and a net loss of $2.5 million, or 30 cents a share. The changes to be made will include determining ways to adjust capacity to meet short and long term volume projections. For more details, see **page 2.**

Sunkist is optimistic despite losses

Sunkist executives anticipate their brands will take another three or four years to reach maturity, and their full market share and profit potential can be determined. Also, they expect a 3 to 4% annual increase in unit volume for all national brand-name soft drinks, especially diet brands. The soft drink business in 1982 will continue to be affected by the national economy, they say. For more details, see **page 6.**

Hackney develops new refrigeration line

Hackney Brothers has developed a new line of refrigerated trailers and bodies specifically for the beer industry. Energy-saving, thermal insulation is featured in these new units, which also have advanced construction techniques. For more details, see **page 10.**

Intense UTC promos have elusive benefits

Intense competition in Under the Crown (UTC) promotions in the carbonated soft drink industry has had a resurgence. Bottlers' reactions to these promotions range from cautious to antagonistic. For more details, see **page 13.**

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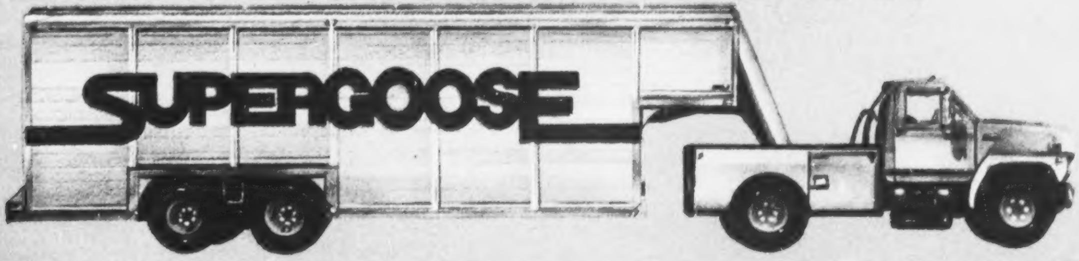

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A-B sales to be strong through 1983: Doyle

NEW YORK, NY — Total beer brand sales at Anheuser-Busch, Inc. will reach 63.5 million barrels in 1983, more than 9 million barrels above this year, according to estimates from Joseph Doyle, CFA, in his latest report for Smith Barney, Harris Upham & Co., Inc.

Doyle expects Anheuser's 1981 sales volume to hit 54.4 million barrels, or 8.5% above 1980. He sees another similar sales volume increase in 1982, but volume should drop somewhat, and keep diminishing in 1983 and beyond.

Meanwhile, Anheuser's total capacity will rise significantly between now and

(Continued on page 14)

Brand	1975	1977	1978	1979	1980	1981E	1982E	1983E
Budweiser	26.5	26.0	27.6	30.9	34.5	38.4	—	—
Michelob (regular)	4.5	6.0	7.1	8.0	8.3	8.4	—	—
Busch	4.2	3.0	3.2	2.6	2.7	2.9	—	—
Natural Light	—	1.6	2.7	2.8	2.3	2.1	—	—
Michelob Light	—	—	1.0	1.9	2.3	2.6	—	—
Total Sales	35.2	36.6	41.6	46.2	50.2	54.4	59.0	63.5
—% change from year before	—	—	+13.7%	+11.1%	+ 8.5%	+ 8.5%	+ 8.5%	+ 7.6%
Total Capacity	38.0	42.0	44.5	47.5	53.0	55.8	61.2	67.5
Capacity Utilization	92.6%	87.1%	93.5%	97.3%	94.7%	97.5%	96.4%	94.1%

Notes to table:

- 1976 is not shown since it was a strike-affected year. All brand breakdowns are SBHU estimates.
- 20.0 million barrelage capacity increase by 1983 versus 1979 consists of 4.6 at Williamsburg in spring 1980, 6.3 at L.A. in 4Q 1981, 6.0 from Syracuse plant (purchased from Schlitz) in 4Q 1982, and 3.1 miscellaneous projects.

Sunkist is optimistic despite $5 mil. 1981 loss

NEW YORK, NY — Sunkist executives expect a solid "3 to 4% annual increase in unit volume" for all national brand-name soft drinks, especially diet brands. However, it will take "another three or four years before the Sunkist brands reach maturity and anyone can determine their full market share and profit potentials."

Speaking here recently before the New York Society of Security Analysts, Richard A. Smith, president and CEO of General Cinema Corp., said that the soft drink business in 1982 will continue to be affected by the national economy. Shrinking consumer disposable income will remain a major concern.

GCC's Beverage Division bottles Pepsi-Cola, Dr Pepper, Sunkist and 7UP. Its franchised territories are mainly in the Southeast and Midwest. In fiscal 1980, the division contributed over 50% of GCC's revenues and operating earnings.

Q and A

In response to questions, Smith, Robert Tarr, Jr., senior vp and president, GCC Beverages and Mark Stevens, vp and president, Sunkist Soft Drinks, said the company was discussing the possibility that the soft drink may be distributed overseas with Sunkist Growers, the firm which licensed GCC to develop the soft drink. Stevens said no decision has been reached, but "we may well do so."

Sunkist has no plans to start a "taste test" promotion, however the company is constantly involved in developmental work, such as a possible caffeine-free version of Sunkist.

Soft drink price discounts, Tarr said, vary from market

(Continued on page 13)

Beverage vendor sales drop by $20 mil. in '80

WASHINGTON, DC — Manufacturers shipments of coin operated vending machines totalled $328 million in 1980, according to report recently issued by the U.S. Department of Commerce, Bureau of the Census. This figure reflects a decrease of 8% from the 1979 total of $357 million.

Shipments of vending machines for beverages totaled $207 million in 1980, a decrease of 9% from the 1979 figure of $227 million. The total number of beverage vending machines shipped in 1980

(Continued on page 10)

Quantity and value of shipments of coin-operated vending machines

	Number of [illegible]	1980 Number of [illegible]	Value	1979 Number of [illegible]	Value
Coin-operated vending machines	48	516,858	327,688	544,509	356,915
Vending machines for beverages	(X)	198,561	207,334	227,969	227,123
Hot beverage: coffee — instant, freeze-dried or liquid concentrate, chocolate, tea, soup[1, 2]	7	7,125	9,632	[1]10,829	[1]13,256
Coffee: Fresh brew (single cup and batch)	5	10,811	16,973	10,546	15,663
Soft drink:					
Canned beverage (refrigerated) vending machines	7	94,814	97,546	[1]109,324	[1]102,956
Bottle vending machines[3]	5	66,663	51,251	69,527	50,698
Cup (premix and postmix)	6	8,415	21,417	12,144	30,573
Packaged milk and juice (indoor)	6	10,733	10,516	[1]15,589	[1]13,978
Other vending machines for beverages[4]	4				
Vending machines for confections and foods	(X)	113,611	79,149	[1]131,880	[1]90,253
All other vending machines	(X)	204,686	41,205	184,670	39,539

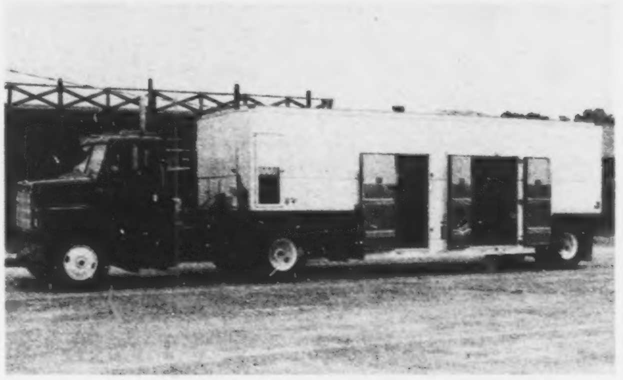
SSDT papers now available

WASHINGTON, DC — Proceedings of the 28th Annual Meeting of the Society of Soft Drink Technologists held earlier this year at Colorado Springs, CO, are currently available for $25.

The proceedings include 18 presentations including: "Carbonated Dispensing Systems," "The Multi-Channel Abbe," "The Bottle Bill — Panacea or Plague," "Analysis of Carbonyl Sulfide and H_2S in CO_2," "Bottling/Canning Plant Survey: Efficiency Guidelines," "Some Uses of Waste Heat for CO_2 Vaporization," "Modular Layout Concept for Productivity and Profitability," "Quality Control Circles — The Key to Employee Performance Improvement," "Aspartame as a Sweetener in Carbonated Beverages," "Can Mobility," "Fluid Flow Analysis for Filling Valves," and "Alleviation of Environmental Problems of Waste Disposal."

Reprints can be ordered by writing to the SSDT, 1101 16St., N.W., Washington, DC.

Hackney intros new line of refrigerated bodies



Custom-built Beertender keg delivery trailer with Vari-Temp refrigeration.

WILSON, NC — Hackney Brothers, located here, has developed a new line of refrigerated trailers and bodies specifically for the beer industry.

The new units, called "Beertenders", include refrigerated side-loading delivery trailers, conventional style delivery trailers, and conventional route delivery bodies for kegs.

According to Bob Hackney, vice president, the new units have "advanced construction and insulation techniques which feature the use of energy-saving, thermal efficient, pour-in-place polyurethane insulation."

Because of wear and tear on equipment used for keg beer delivery, Hackney explains, the Beertender trailers and bodies call for strong, reinforced construction and built up interior linings.

Side-loading Beertender trailers are available in two versions. One has 56 in. wide bays to accommodate slip-sheet loading operators. The second version has standard 40 in. bay widths to accommodate pallet loading distributors. Both versions are available in single and tandem axle configurations.

Wide-bay, trailers are available in 8, 10, 12, and 14-bay models. Standard-bay, side-loading units are available in 12, 14, 16 and 18-bay designs.

Two refrigeration options are available for side-loading trailers. Blower-evaporator refrigeration systems can be installed with one cold air vent and one return air vent with adjustable registers in each bay.

Eutectic holdover plate systems are also available with holdover plates installed vertically between bay side walls.

Side-loading Beertender trailers also feature strong, light weight insulated bay doors with heavy duty hardware and locks, and one-piece aluminum bay floor linings.

Conventional-style Beertender route delivery trailers can be specially designed for keg delivery and equipped with a variety of refrigeration systems, including blower-evaporator systems, straight holdover plate systems, and Hackney's own Vari-Temp refrigeration systems.

Available in single and tandem axle configurations, these highly maneuverable route trailers feature very strong framing, as well as oak and plywood reinforced interior linings, which makes them ideal for large scale keg delivery operations.

A variety of materials handling options can be custom-engineered to meet the specific needs of distributors. Time and work-saving optional equipment available includes track-and-bar load stabilizers, hand truck loading ramps, and lift gates in various sizes and capacities.

Refrigerated bodies are available in several body styles, in standard lengths from 10 to 22 feet, with a choice of steel or aluminum construction.

Like the trailers, all Beertender delivery bodies are insulated with poured-in-place polyurethane.

Refrigeration systems available for delivery bodies include blower-evaporator systems, straight holdover plate systems, and Hackney Brothers' Vari-Temp refrigeration.

A large selection of optional equipment is available to customize bodies for specific delivery needs. Options include: side or rear-mounted lift gates, empty keg storage racks overhead, hand truck storage, keg skids and side and rear doors, special wall and floor reinforcement, built-up interior linings, CO_2 storage racks and compartments, load bars, doors sized and located to customer specifications, and custom paint and graphics application.

NSDA

(Continued from page 1)

nutrition and flavor labeling regulations, NSDA recently recommended.

NSDA, which has commented on food labeling to FDA in the past, maintains that it still believes that "nutrition labeling of diet soft drinks is an exericse in futility. There has never been a showing that consumers expect nutrients in such products," the association held, "and informing them that none are present involves considerable expense with no off-setting benefits."

In addition, NSDA said that flavor labeling regulations in general, and their affect on soft drinks in particular, "tend to be, at best, difficult to interpret, expensive to implement and of relatively little value to consumers." Moreover, the new requirement for labeling of FD&C Yellow No. 5 should also be examined, the soft drink association added, since the rules affect the desires of a few and "can be counterproductive and confusing relative to other color additives and to consumers in general."

Vendors

(Continued from page 6)

was 198,561 versus the 1979 figure of 227,959.

The report breaks down beverage vending machines into the following categories: hot beverage (including instant, freeze-dried or liquid concentrate coffee, chocolate, tea and soup); coffee (fresh brewed by single cup and batch); soft drink (bottled, canned and cup), packaged milk and juice (indoors), and other vending machines for beverages (including milk in quart and half gallon containers, and packaged dry ingredients for mixing into beverages, etc.)

The report was prepared by the Industry Division, Bureau of the Census, under the direction of Malcom Bernhardt, chief, current durables branch, and Kenneth McBeth, chief, machinery, electronics and transportation section.

The cost of the survey was underwritten by the National Automatic Merchandising Assn.

- For more information, contact Evelyn A. Jordan at the U.S. Department of Commerce, (301) 763-5573.

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NEWSBREAK First look at NSDA '81 Expo

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Beverage Industry

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DECEMBER 18, 1981

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labeling law

WASHINGTON, DC — Ingredient labeling for beer, wine, and distilled spirits or an address where consumers can obtain such information will no longer be required since the Bureau of Alcohol, Tabacco and Firearms rescinded the regulation, scheduled to become mandatory January 1, 1983.

Last May, ATF sought comments on its intention to kill the rule which took effect October, 1980. The actions were in accordance with the President's order to review existing and pending regulation to ensure that they were cost effective and beneficial to society. Based on the review, ATF concluded that the labeling rule did not meet the criteria.

During the comment pe-

(Continued on page 65)

New products '81

Distribution

Packaging

Machinery

Miscellaneous

Congress debates deposit bill

WASHINGTON, DC — Despite annual objections from the industry, Congress is at it again, trying to impose a mandatory 5 cent deposit on beer and soft drink containers, plus a 2 cent handling fee paid by distributors to retailers.

Once more, brewers, soft drink bottlers and can and glass manufacturers stepped forward during a hearing before the Senate Commerce Committee to voice their opposition to S. 709, the Beverage Container Reuse and Recycling Act, designed to curb the nation's litter and solid waste disposal problems, and encourage energy conservation.

They all maintained that

(Continued on page 66)

O-I has sole license for PP closure by H-C

CRAWFORDSVILLE, IN—H-C Industries, Inc., located here, has granted sole U.S. license for a polypropylene beverage closure for glass containers to Owens-Illinois, Inc.

Under terms of the agreement, H-C and Owens-Illinois will manufacture and market the closure, which is now undergoing test marketing at Blue Grass Coca-Cola Bottling Co., Lexington, KY.

H-C hopes that the tests will lead to final approval of the closure by major beverage companies. H-C is "constantly monitoring" the test at Blue Grass.

The PP closure is compression molded using technology developed by H-C. The closure has a PVC liner and a tamper indicating band.

Jack W. Weber, industry manager for beer, beverage, liquor and wine for the closure division of O-I, said his company expected to begin production of the new plastic beverage closure during the second quarter of 1982 in an O-I closure division plant to be determined.

James Smith, president of H-C, said the closure is suitable for use on glass containers, including PlastiShield single service glass containers. The design concept can also be adapted for use on plastic containers in the future. Smith added that the closure presents a good surface for printing, which can be done in various colors.

Weber said O-I is interested in the lined closure because "it can be applied to glass bottles more easily than aluminum closures on existing capping equipment with revised capping heads, since the closure is prethreaded to fit onto the finish of glass containers.

BI Week

- **Both Massachusetts and Delaware have joined the ranks of states with forced deposits. In Massachusetts, the state legislature over ruled the governor's veto. In Delaware, the legislature rejected portions of an earlier law which stayed implimentation until neighboring states had passed similar legislation.**

- **Bag-in-box syrup systems are closer to reality as result of supplier innovations. At DFISA and at NSDA (see Newsbreak, p. 26) several suppliers reported solutions to what had been continuing problems. Scholle, Liqui-Box, B-Bar-B are leading developers. Pepsi-Cola reportedly will be first user. Expect the firm to offer it to major national accounts which have been seeking a nonreturnable alternative to tanks.**

- **Coca-Cola will sell its**

(Continued on page 85)

OSDA seeks repeal of Ohio syrup excise tax

COLUMBUS, OH — The Ohio Soft Drink Assn. is trying to repeal a recently-enacted state excise tax on pre- and post-mix soft drinks.

Bottlers are being asked to compile detailed records of sales "as they relate to pre- and post-mix soft drinks," said a source at the association. The figures will be presented during public hearings of the state legislature, which could take place by next Spring here at the capital.

Since the excise tax took effect November 15, no one can yet predict if the records will show significant sales losses.

In the meantime, the Coca-Cola Co., Atlanta, reportedly filed suit to force repeal of the tax.

The Ohio excise tax on soft drinks is part of a $1.3 billion package representing the largest tax increase in the state's history. The new two-year, $13.5 billion budget also includes a sales tax increase of 1.1%. The old sales tax was 4%.

Post-mix soft drinks sold in the state at fast-food restaurants, stadiums and other fountain outlets are now being taxed at $2.75 per gallon. The new excise tax on pre-mix is 25 cents per gallon. Post-mix is sold in five-gallon containers and gallon jugs. Pre-mix is sold in five-gallon containers.

Accordingly, 12 oz. of soft drink will cost 4.3 cents more (post-mix) and 2.3 cents more (pre-mix). Since liquid-to-ice ratios differ at various fountain locations, it is hard to measure the exact price impact on Ohio consumers.

According to sources, the soft drink excise tax was rammed through the legislature at the last minute of a new-budget process that had been stalled for almost five months.

Contents

NSDA newsbreak report from L.A.

A comprehensive newsletter that reviews all the major events and products seen at this year's National Soft Drink Association meeting in Los Angeles. Starts on **page 26.**

New Products '81: annual sampling

Each year, we select some of the new products items that have appeared during the previous 12 months, and arrange them in this special section under appropriate major headings. These offer a convenient reference to items we feel may be of particular interest. Starts on **page 40.**

NAMA show sees record turnout

The National Automatic Merchandising Assoc. held its 35th Annual National Vending-Food-Service Industry Convention in Chicago and drew a record number of visitors and exhibits. For a detailed report on the vending and food service management industry, see **page 58.**

Designs and tests aid cylinder safety

Luxfer USA Ltd. has introduced a number of new product safety features and is conducting extensive tests on its aluminum carbon dioxide cylinders. An NSDA/Compressed Gas Assoc. pamphlet describes the safety risks of Co_2 cylinders. A full report on Luxfer's activities appears on **page 23.**

FDA surveys alcohol, caffeine

A recently-conducted Louis Harris survey, made for the Food and Drug Administration's Bureau of Foods, reveals that while consumers are generally aware that alcohol and caffeine could have negative effects on pregnancy, they remain uncertain about what the specific effects might be. For details, see **page 62.**

Specialty drinks avoid sales slump

The market for regular soft drinks in Japan is in the doldrums. However, the company's sporting population (those who represent a market for products like Gatorade) increased nearly 300% since the 70s. For a look at this market, see **page 19.**

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DECEMBER 18, 1981

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY

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After merger fails: Schlitz will "sell beer"

MILWAUKEE, WI — The Jos. Schlitz Brewing Co., with a strong balance sheet but dropping sales, has decided, for now, to pursue the goal of selling more beer, in the wake of a failed attempt at a merger between itself and G. Heileman Brewing Co.

Schlitz says it will continue to operate as an independent publically-held company, even though it entered the merger negotiations in good faith. This two-pronged position is "not a matter of grim resignation," according to a Schlitz spokesman. It reflects the notion that the company is encouraged by its strong financial position and by a modest increase in unit sales recorded in the second quarter of 1981, versus the same period last year. The spokesman offered no specifics on how Schlitz planned to boost its sagging sales volume.

On October 21, Heileman's bid to acquire Schlitz col-

(Continued on page 10)

Market share trends(a)

(% of market)

	Schlitz			Anheuser-Busch			Miller		
	1980	1978	1975	1980	1978	1975	1980	1978	1975
Northeast	8.0%	14.6%	28.9%	33.1%	30.1%	25.7%	34.8%	31.2%	11.1%
South	5.2	17.6	25.0	37.8	33.7	36.7	28.9	29.0	12.7
East North Central	4.1	5.3	7.8	16.3	16.7	19.5	25.1	19.3	6.2
West North Central	8.1	10.8	18.1	23.9	22.3	28.9	17.8	16.0	8.3
West South Central	17.7	25.0	31.4	22.1	19.5	19.6	24.0	19.7	10.1
Mountain	6.8	9.8	9.6	31.2	28.6	22.7	14.7	11.1	4.6
Pacific	5.4	7.5	7.6	38.8	33.4	22.1	10.6	10.6	5.1
National	**8.6**	**11.8**	**15.4**	**28.9**	**25.2**	**23.2**	**21.5**	**19.0**	**15.1**

(a) Regional share totals are based on 37 states that report such data; the national figure includes all states.

Source: Smith Barney, Harris Upham & Co. Inc.

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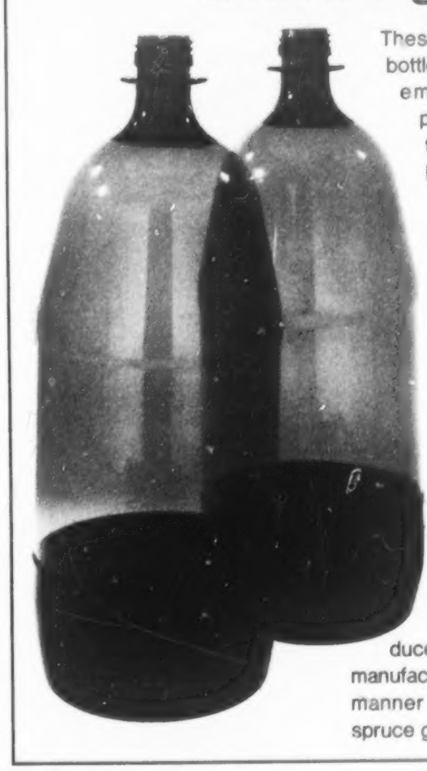
December 18, 1981

Eastman introduces emerald green PET



These carbonated beverage bottles were made with bright emerald green-colored polyester (PET) polymers from Eastman Chemical Products, Inc. Kodapak PET 9899, 9900 and 9930 are offered in three different intrinsic viscosities to satisfy individual customer requirements. The polymers are the result of a three-year research and development program at Eastman to meet the need for a colored PET that closely matches the green color used by the beverage industry. A company spokesperson indicated that these polymers can be produced in volume in Eastman's manufacturing facilities in the same manner as their predecessors, spruce green and emerald green.

Portuguese Govt. Trade Office pushing wines

NEW YORK — An increase in consumer awareness and sales of Portuguese red and white table wines will be the goal of a 1982 national campaign funded by the Portuguese Government Trade Office here.

The subject of the campaign will be the table wines from the country's 10 demarcated and 18 controlled districts, which now account for approximately 7% of U.S. imports.

The public relations firm conducting the campaign, Harshe-Rotman and Druck, Inc., New York, will focus on reaching the public through editorial pages of leading food, general interest and "life style" magazines as well as the broadcast media.

According to Jose Antas, product manager for the PGTO, "We want to respond

(Continued on page 10)

Frostie debuts new look

Simplicity, with singular graphic emphasis and appropriate colors and letterforms are the key features of the bold, new look for Monarch Co.'s Frostie Root Beer.

Coy signs Pickett's for its Private Reserve

HARAHAN, LA — Coy International has added a second regional brewery by signing Pickett's of Dubuque, IA, in the continuation of the innovative concept of producing a beer without owning a brewery in order to separate the manufacturing and marketing processes.

Coy hopes to utilize the excess capacity of the Pickett Brewery to allow their Midwestern wholesalers easy access to their product. Coy International and its satellite breweries reap other advantages as a direct result of their association. Breweries taking on Coy are able to expand their own product line within the Coy wholesaler network. To distributors, regional breweries represent a substantial cost savings in freight.

Neal W. Kaye, Jr., president of Coy International, said of his product's success and unique marketing approach, "Private Reserve's taste positions the brand between the blandness of premium domestic brands and the heavier taste of European brands. And secondly, I don't own or want to own a brewery. Coy is utilizing the excess capacity of the nation's small brewers. Coy provides the formula, packaging and marketing expertise while the brewers utilize their idle capacity. It's a marriage made in heaven."

Kaye is selecting brewer-

(Continued on page 8)

Winter retires as Seven-Up board chairman

ST. LOUIS, MO — The chairman of the board of The Seven-Up Co., William E. Winter, has announced his

Winter

retirement effective December 31 1981. He will continue his relationship with Seven-Up by serving as a consultant.

(Continued on page 9)

BTA study charts growth of US beer market

COMMACK, NY — "The American Beer Market: A Detailed Marketing Analysis of the Fast Changing Malt Industry" is a new 210-page report published here by Business Trend Analysts, Inc.

The report concludes that imported beer brands will continue to penetrate the U.S. market, reaching as much as a 6% share by 1990. Per capita consumption of U.S.-made brews is currently about 25 gallons per year, reflecting an average 3% annual rate of increase.

Last year, the report says, Americans consumed an estimated 178 million barrels, or 5.5 million gallons of malt beverages. The value of domestically produced beer sales, measured at the brewery level, totalled $9.6 billion in 1980; the value of imported beer was about $427 million.

Sales volume for imports was 4.6 million barrels in 1980, or 2.6% of the U.S. market.

Information about the report, which costs $450 a copy, is available by writing Dennis Macchio, Reports and Publications Dept., BTA, 2171 Jericho Turnpike, Commack, NY, 11725.

Schlitz

(Continued from page 6)

lapsed under pressure from the Justice Department. The Department indicated it would oppose the merger because it violated section 7 of the Clayton Act. If the merger talks continued, Justice said it would file a civil antitrust suit to stop it.

The following day, Heileman's board decided to drop negotiations. Schlitz, in turn, cancelled a meeting scheduled for Nov. 13, when shareholders were to vote on the $494 million deal.

Had the merger gone through, Schlitz-Heileman would have been the nation's third largest brewer, with 16% of the market.

Russell Cleary, Heileman's president, said the decision could only benefit the nation's top two brewers, Anheuser-Busch and Miller, which, Cleary predicted, would increase their market shares at the expense of other brewers.

Meanwhile, Heileman has announced that its 1981 third quarter sales topped $267 million, 11% above the same period last year. Earnings in the third quarter of 1981 hit a record $12.7 million, 14% higher than the same period in 1980. Cleary said he was pleased with this performance considering the increasingly intense competition among brewers.

According to securities analysts interviewed by **BI**, there are attractive alternatives to the merger breakdown for both Schlitz and Heileman.

Robert Weinberg of R. S. Weinberg & Associates, St. Louis, said that "there is clear statistical evidence that Schlitz's decline is less than generally perceived." He said that between 1976 and 1980, the company's barrel sales volume dropped 12% to 12.5% per year. But, this year, barrel volume is off only 5% or so.

Schlitz's problem is that they're selling under capacity, Weinberg said. But, he added, "Schlitz has the resources to affect a turnaround." The company has $250 million cash on hand. If they want to boost sales in the Northern tier, where they no longer have a brewery, they can simply buy one. To raise more cash for that purchase, Schlitz could sell one of its breweries in the South.

buy brewery

Weinberg and other analysts contacted by **BI** thought this scenario could well take place, assuming that Schlitz's main efforts were now geared to expanding market share. In fact, Weinberg suggested, Heileman might want to buy a Schlitz brewery, since Heileman needs more capacity to maintain its own growth. Heileman's total market share is close to 8%, the same as Schlitz's.

Also, Weinberg said, if Schlitz is able to demonstrate a sales turnaround, they could again become a prime candidate for acquisition by, for instance, Liggett-Meyers.

"At worst, Schlitz is no worse off now than it was early this year," Weinberg said.

Joseph Doyle, at Smith Barney, Harris Upham & Co., which provided the accompanying statistics on Schlitz, called Schlitz "too-risky as a turnaround candidate, but a good candidate for take-over."

Doyle also mentioned $250 million as Schlitz's cash on hand figure; divided into 29 million shares, works out to $9 per share, a strong cash position, according to Doyle.

Doyle also agreed with Weinberg about the possibility of Heileman buying a Schlitz brewery. To expand market share, Doyle said, Heileman needs more Southern tier capacity. The company could buy Schlitz's brewery in Memphis or Long View, TX, or it could buy a Southern brewery from Pabst or Lone Star.

Schlitz has breweries in Winston-Salem, NC, Memphis, TN, Tampa, FL, Long View, TX and Los Angeles, CA. The company's total capacity is 18.8 million barrels, not counting the Milwaukee brewery, which Schlitz has

(Continued on page 13)

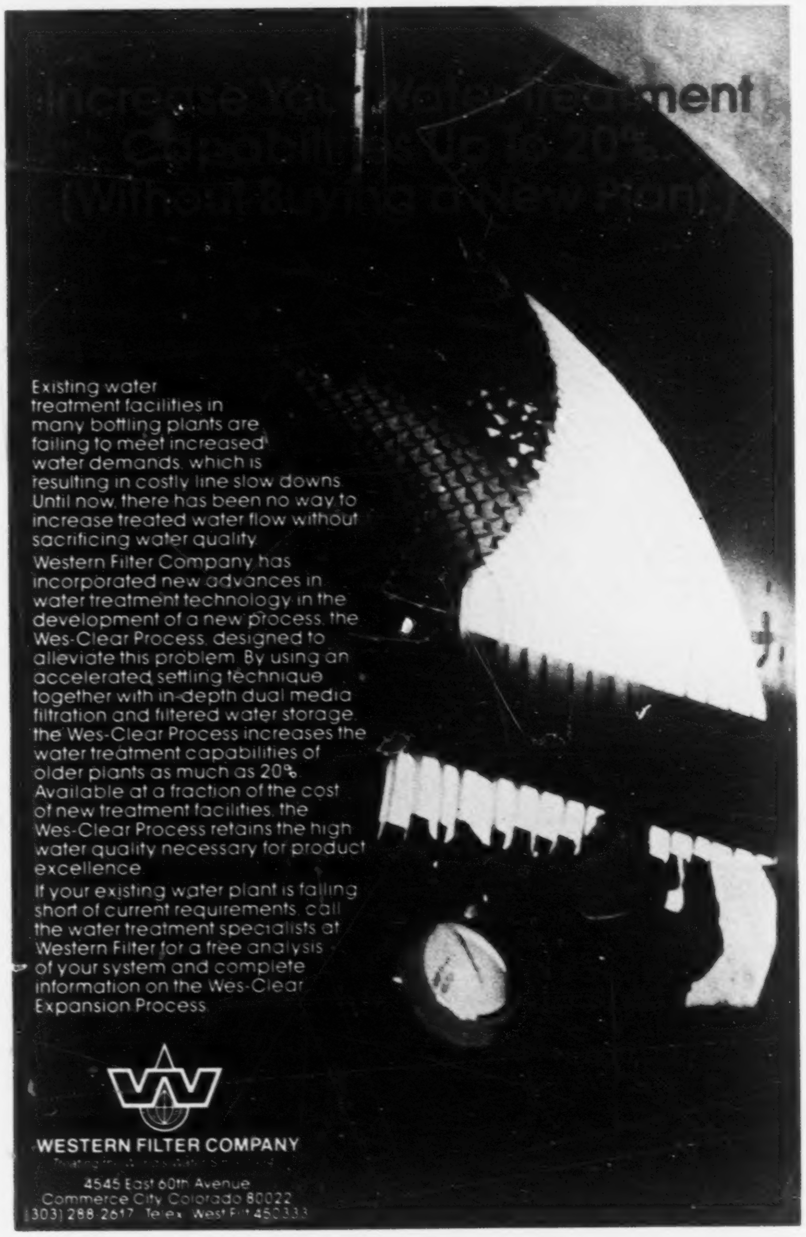
Wines

(Continued from page 6)

to consumers' desire for economical high quality table wines that add prestige and a sense of discovery to their wine purchasing. With the increased variety of Portuguese wines available in the U.S. and the continuing involvement of retailers, we think we have what it takes to make that appeal."

The program will also include, according to Antas, "production of a variety of promotional materials for retailers designed to attract and educate consumers to Portugal's table wine variety. Wine tastings in major markets will also be conducted to build our exposure among influentials. It's important that all this will be conducted against the background of a wide-ranging national publicity campaign."

In addition to building awareness of wines from the Dao and Vinho Verde regions, the program will highlight less well-known demarcations such as Colares, Bairrada, Douro and major prospective demarcated areas such as Ribatejo and Alentejo. Label terminology, particularly imported to connoisseurs, such as Garrafeira and Reserva will be publicized to add depth to consumer understanding.



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Sales and income, 1981 projection vs. 1980, 1977, and 1976

(millions)

	1981(E)	1980	1977	1976
Barrels of Beer	14.75	14.95	22.13	24.16
Net Sales-$	955.0	986.5	937.4	1,000.0
% Cost of Goods Sold	80.5	80.4	77.5	75.6
% SG&A	8.5	8.7	10.1	8.8
% Advertising	7.5	7.5	5.9	4.4
% Operating Income	3.5	3.4	5.6	11.3
Operating Income-$	33.5	30.1	60.9	112.6
Total Non-Operating Income-$	12.0	15.8	(25.8)	(15.9)
Interest Income-$	22.0	21.8	1.9	1.8
Interest Expense-$	(11.0)	(11.5)	(16.7)	(18.2)
Gain on Debenture Repurchases-$	1	4.2	0	0
Other Misc.-$	0	1.3	(11.0)	(0.5)
Pretax Income-$	45.5	45.9	35.0	96.7
% Margin	4.8	5.1	3.7	9.7
% Tax Rate	43	41.2	43.6	48.4
Net Income-$	26.0	27.0	19.8	49.4
EPS	$ 0.90	$ 0.93	$ 0.68	$ 1.72

(E) — estimated by Smith Barney, Harris Upham & Co., Inc.

Copyright: Beverage Industry
June 12, 1981

Schlitz

(Continued from page 10)

announced it will permanently close.

Doyle estimates that Schlitz will sell about 14.75 million barrels of beer this year. While that would represent another drop from the year before, Doyle said that the difference between Schlitz's projected sales and its capacity is not that significant; no cause for great concern.

According to Doyle, "It is humanly impossible to predict a Schlitz sales turnaround, but the company shows signs of stabilization and has a good strong balance sheet."

Some have suggested that Schlitz's sales are stabilizing because they're selling mainly to their hard-core flagship brand drinkers. On the other hand, the company's malt liquor, Old Milwaukee and Erlanger brands have shown volume increases since 1975, but these increases have not offset an overall volume decline. Volume for the company's flagship brand has fallen by 11.5 million barrels between 1975 and 1980.

Doyle said that if another company is interested in acquiring Schlitz, they will likely show themselves sooner rather than later. He said there is no reason for a suitor to wait around for a Schlitz sales turnaround.

Estimated Schlitz volume by brand

(millions of 31-gallon barrels)

Brand	1980	1979	1978	1975
Schlitz	7.5	10.1	12.8	18.8
Schlitz Light	0.4	0.5	1.0	0.2
Schlitz Malt Liquor	2.4	2.2	2.0	1.4
Old Milwaukee*	4.3	3.9	3.7	3.6
Erlanger** (or other)	0.4	0.1	0.1	0.2
Total	15.0	16.8	19.6	23.3

*Includes some *Old Milwaukee Light*, which was starting to be introduced in 1980.
**Erlanger became nationally available in the second quarter of 1980.

Copyright: Beverage Industry
June 12, 1981

Doyle said it is unlikely that Liggett-Meyers would go after Schlitz, at least not right away, since Liggett-Meyers recently spent $500 million for Intercontinental Hotels (from Pan American).

Rather, Doyle suggested that a new suitor for Schlitz could be another brewery company. He speculated that the main reason by the Justice Department rejected the Heileman-Schlitz union was because the resulting company would control "too much" of the beer market in one fell swoop.

William Baxter, assistant attorney general, said that the Justice Department's decision was based on a desire not to see any further combinations among the nation's top seven brewers, thereby allowing a more competitive marketplace that would give smaller brewers a fairer chance to participate. (The Schlitz-Heileman proposed merger, by the way, was the first to be opposed by the Reagan Administration.)

Rumors are floating around in the investment community that The Stroh Brewery Company, Detroit, is interested in acquiring Schlitz. Doyle suggested that the Justice Department could go along with a Schlitz-Stroh merger, since the two companies' combined market share adds up to less than 15% of the total national beer market (Schlitz's 8% plus Stroh's 5.5%). "The Federal Government seems to recoil at a merger that results in a 15% market share," Doyle said.

After Stroh acquired the F. & M. Schaefer Brewing Co. earlier this year, Peter Stroh, president, said that his company would continue to look for opportunities to continue expansion. However, a spokesman said that Stroh is not negotiating, nor even considering, buying Schlitz.

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☐ ORANGE (2 oz.) A good ringless emulsion with an *orange* flavor. We'll match your color if you wish.
☐ ORANGE (1-16) Juicy orange flavor with acid and color. A sales builder!
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☐ SOUTH SEAS PUNCH (2 oz.) A rich red-colored emulsion; good taste.
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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	July '81	August '81	% change
Bottles	29,490	26,877	(8.7)
Beverage: refillable	359	308	(14.2)
nonrefillable	6,742	5,625	(16.6)
under 10 oz	—	—	—
10.0 to 15.9 oz	2,067	1,775	(14.1)
16.0 to 16.9 oz (includes .5-L)	3,562	3,034	(14.8)
17.0 to 33.9 oz (includes 1-L)	656	376	(42.7)
34.0 oz and over (includes 2-L)	—	—	—
Beer: refillable	84	45	(46.4)
nonrefillable	11,352	9,534	(16.0)
under 11 oz	2,095	1,819	(13.2)
11.0 to 15.9 oz	8,650	7,190	(16.9)
16.0 and over	606	525	(13.4)
Liquor:	1,159	1,042	(10.1)
Under 125 ml (4.23 oz and under)	92	70	(23.9)
126 to 275 ml (4.24 to 9.3 oz)	267	235	(12.0)
276 to 500 ml (9.31 to 16.9 oz)	143	121	(15.4)
501 to 800 ml (16.91 to 27.04 oz)	270	289	7.0
801 to 1000 ml (27.05 to 33.80 oz)	241	193	(19.9)
1001 ml and over	146	134	(8.2)
Wine:	636	678	6.6
126 to 500 ml (4.24 to 16.9 oz)	73	98	34.2
501 to 800 ml (16.91 to 27.04 oz)	349	340	(2.6)
801 to 1000 ml (27.05 to 33.8 oz)	88	105	19.3
1001 to 1600 ml (33.81 to 54.08 oz)	96	96	—
Over 1600 ml (over 54.08 oz)	29	39	(34.5)

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	July '81	August '81	% change
Metal (for spirits, wines)	50,262	50,049	(.4)
Plastic (for spirits, wines)	72,961	101,212	38.7
Metal crowns (beer and soft drinks)			
Soft drink (convenience types)	2,393	1,750	(26.9)
Soft drink (conventional types)	6,791	7,251	6.8
Beer (convenience types)	12,112	9,761	(19.4)
Beer (conventional types)	2,867	2,661	(7.2)
All other metal closures other than crowns	7,830	7,175	(8.4)

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	August '81	Sept. '81	% change
Beer*	16,711,545	14,473,373	(13.4)
Whiskey	5,811,121	9,341,449	60.8
Brandy	418,677	491,994	17.5
Gin	401,338	495,479	23.5
Rum	80,381	89,279	11.1
Cordials and liqueurs	683,708	652,243	(4.6)
Others	849,925	775,783	(8.7)
Total	**28,038,122**	**26,329,606**	**(6.1)**
Sparkling wines	520,138	525,805	1.1
Still wines, table	8,726,041	7,621,584	(12.7)
Still wines, fortified	169,824	210,678	24.1
Vermouth	225,049	240,590	6.9

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price Index

(The year 1967 equals 100)

	July '81	August '81	% change
Cola	290.8	296.6	2.0
Other carbonated soft drinks	138.3	138.9	.4
Noncarbonated drinks	134.0	135.0	.7
Wine	236.9	235.5	(.6)
Beer and ale	202.4	203.2	.4

Sweetener data

(Cents per pound, dry basis)

	July '81	August '81	% change
HFCS wholesale prices			
California	21.29	20.75	(2.5)
New York	22.54	21.73	(3.6)
Chicago-West	22.18	21.56	(2.8)
Beet sugar wholesale prices	28.02	—	—
Dextrose wholesale prices			
California	31.52	30.01	(4.8)
New York	30.05	28.54	(5.0)
Chicago-West	30.05	28.54	(5.0)

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	July '81	August '81	% change
Bottles and cans	15,118,684	14,209,501	(6.0)
Barrels and kegs	2,252,020	2,011,303	(10.7)
For export	214,773	172,903	(19.5)
Other	11,792	18,415	56.2
Total	**17,597,269**	**17,717,143**	.7

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	May '81	June '81	% change
Still wines (bulk)	120,616	89,414	(25.9)
Still wines (bottled)	28,911,216	31,112,696	(7.6)
Effervescent wines (bulk & bottled)	1,982,648	2,419,011	22.0
Total	**31,014,480**	**33,621,121**	**(8.4)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	May '81	June '81	% change
Whiskey	11,950,062	14,551,633	21.8
Brandy	1,059,878	1,311,238	23.7
Rum	1,273,355	1,580,183	24.1
Gin	2,965,843	3,702,840	24.9
Vodka	8,367,591	8,932,890	6.8
Cordials and liqueurs	2,093,100	2,830,797	35.2
Cocktails and mixed drinks	483,427	775,337	60.9
Total	**28,193,256**	**33,684,918**	19.5

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	June '81	July '81	% change
Plastic bottles (blow-molded)	1,316,010	1,291,595	(1.9)
Carbonated beverages*	222,676	226,544	1.7

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Department of Commerce
Bureau of the Census

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December 18, 1981

BEST COPY AVAILABLE

Sherwin-Williams' finish accords OSHA ruling

CHICAGO, IL — Large fleet refinish operations and original equipment manufacturers' production lines have attracted the dogged nature of OSHA in enforcing compliance with that agencies' regulations regarding lead which usually translates into costly measures of medical surveillance to protect the health of those exposed.

With stiff penalties resulting in non-compliance, Sherwin-Williams has provided an alternative to the time-consuming and expensive procedures needed for compliance with the lead standard. Extensive record keeping and facilities supplied with filtered air for lead can be eliminated with the firm's Sunfire 421 acrylic urethane enamel finishing system.

Comparative life cycle costs

Assume shop overhead and labor is $160.00/day; revenue loss is $100.00/day; refinishing takes two days

	Synthetic enamel	Acrylic enamel	Polyurethane enamel	Sunfire
Material Cost	$ 88.75	$ 82.78	$ 190.08	$145.45
Overhead/Labor	$ 320.00	$ 320.00	$ 320.00	$320.00
Revenue Loss	$ 200.00	$ 200.00	$ 200.00	$200.00
Total	$ 608.75	$ 602.78	$ 710.08	$665.45
Refinish Cycles	6 times	3.5 times	1.5 times	1 time
Total Life Cycle Cost	$3,652.50	$2,109.73	$1,065.12	$665.45

Source: Sherwin-Williams

Copyright: Beverage Industry, December 18, 1981

Sherwin-Williams' lead-free acrylic urethane enamel not only can save employers the inconvenience of attempting to comply with the numerous and detailed precautions against lead, but provides a high gloss and durable finish. All thinners, reducers, hardeners and additives used with the enamel are also lead-free. No hazard from exposure to lead is encountered from the initial priming stages to the finished product.

The company reports that the acrylic resin used in this system of finishes is far superior to the polyester resin used in many other paints. The high pigmentation, high solids and unique application properties of Sunfire 421 can ensure more color and more gloss in the initial application. Company tests have shown that the gloss is retained nearly twice as long as ordinary polyurethane enamels. The dulling effects of the sun, heat, salt water, sleet, high-alkaline soaps or detergents and even battery acid reportedly cannot harm the Sunfire finish.

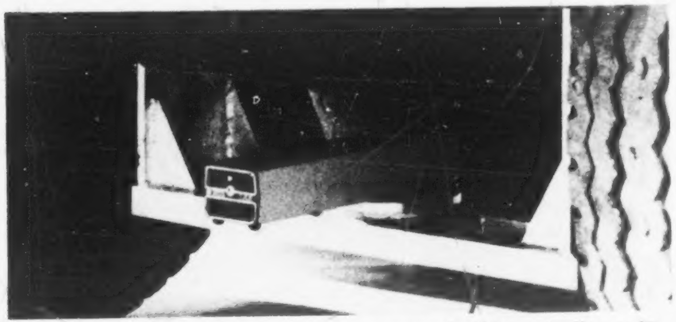
drying

With no need for special handling nor special application equipment, the finish may be air-dried, force-dried at low temperatures or baked at high temperatures. No matter which method is utilized, the company takes pride in the system's resistance to road hazards, including stone chipping, oils, smoke, acid rain and chemical contamination.

Many of the nation's largest operators and body builders have already made the switch to the lead-free finish (the Coca-Cola Company has specified Sunfire to its bottlers and operators). The country's largest beverage body builder, Hackney & Sons in Washington, N.C., has also made the switch.

Hodges Hackney, vice president of sales for Hackney & Sons, said, "We were extremely pleased to discover that the high quality of Sherwin-Williams paint was retained when the lead was taken out. It is now possible for us to meet all OSHA requirements with the development of lead-free acrylic urethane enamel. Without sacrificing quality, it has

(Continued on page 76B)



Laser is mounted on test fixture suspended from trailer axle.

Trucks

(Continued from page 74)

Surprisingly, this new system is actually less expensive. Lasers are now an accepted tool in modern industry so their cost is moderate. But Myers attributes the real cost reduction to the simplified alignment fixtures developed at Hackney. "We could have gone out and bought one of the new commercial laser systems now appearing on the market," he pointed out. "That would have been an improvement, but we would still be stuck with unnecessary complication.

"We were determined to maximize the laser's advantages by building our own system around it, using simpler fixtures designed specifically for our application."

The end result is a superior axle alignment system which is faster, more economical, more reliable, easier to operate, and far more accurate. With it, Hackney & Sons can more easily maintain its tight axle alignment tolerance which results in reduced trailer tire wear and prevents premature tire replacement.

Another example of the firm's efforts to improve quality control is its standard use of 5052 aluminum alloy sheet for all its truck and trailer bodies, the same alloy commonly used in tactical aircraft and missiles. Though more expensive than the 3000-series aluminum used in many other truck bodies, it is lighter and has almost twice the yield strength, resulting in greater payload for a given vehicle gross weight.

For more information on **Hackney's bodies and trailers,** circle no. 503 on reader service card.

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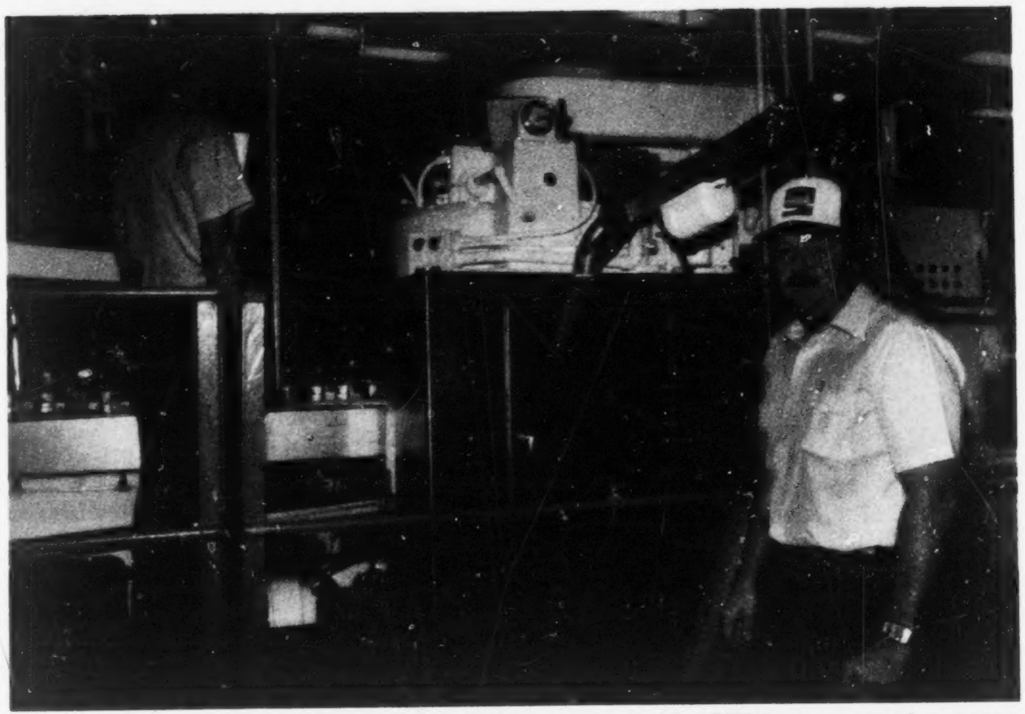
Canner meets noise regs. with Allforce enclosures



Gulf State Canner's new can seamer installation is inspected by Cliff Ayers, general manager. The noise and vibration abatement system is manufactured by Allforce Acoustics, Erie, PA.

CLINTON, MS — On January 6, 1976, Gulf States Canners, Inc., here, received a surprise visitor — a federal OSHA inspector. After touring the facilities of this cooperative, which produces more than 10 million cases of canned soft drinks each year, he issued a citation for noise levels that exceeded general industry standards.

This verdict was not a surprise. Gulf States had been searching for some time for a satisfactory solution to the two major noise sources in their canning plant, can seamers and fillers. The noise problem was compounded by the high speeds of the two lines, required to meet production goals — 1081 cpm on line 1, 1215 cpm on line 2.

Nor was the verdict unusual for the industry. Bottling and canning plants across the country have been hit by noise control ultimatums recently. And many companies, like Gulf States Canners, have had difficulty finding products that still comply with strict sanitation requirements imposed on the food and beverage industry.

According to Gulf States' general manager Cliff Ayers, the problem begins with the manufacturers of fillers, seamers, and other processing equipment. "They've never taken noise into account when building equipment," he commented. "Therefore, no ready-made solutions exist."

Meeting noise regulations is also a bit tougher for food and beverage industries. "Food processors are limited to utilizing materials that will meet sanitary codes," explained A. de Jean King Sr., OSHA director for the Jackson, MS area. And according to Allforce Acoustics, a noise control equipment manufacturer in Erie, PA, many noise control materials are fibrous or otherwise unsuited for food and beverage use.

This paradox was another factor in Gulf States' decision to consult Allforce. "We felt more confident," said Ayers, "with a company that specializes in customized solutions to noise problems that exist in sanitary environments."

seamer enclosures

Allforce solved the cooperative's immediate OSHA problem with two Soundscreen® Can Seamer Enclosures. The units are made entirely of FDA-accepted materials and attach directly to the seamer. Inside the 16 gauge stainless steel faceplate are 2 in. thick acoustical baffles that soak up reverberent noise. These baffles are completely encapsulated for moisture protection and easy cleaning. The entire unit, which features a hinged front door for access to the working area, can be easily removed for line maintenance.

After taking base line sound level readings, Allforce installed the two seamer enclosures in one day. Noise at these operator positions was reduced by 8 to 9 decibels. And on March 7, 1979, the OSHA case against Gulf States Canners was closed. According to de Jean King, "it was determined that the employer (Gulf States) had complied with the citation."

Noise control was not the only benefit afforded by the enclosures, however. According to Ayers, they improved sanitary conditions by containing product spillage during seaming operations.

reduced premiums

Ayers anticipates another major benefit to be realized soon. "We have an insurance review coming up," he noted, "and we expect that our efforts to reduce noise and improve overall conditions will earn reduced premiums for the company."

Reducing costs is a very important consideration, he added. "Cooperatives have to be cost efficient. That's why we can't spend money on unnecessary equipment. The investment in the can seamer enclosures has paid off in many ways. And besides, you simply have to have them in order to meet federal regulations."

Allforce is now designing Soundscreen Filler Shields to quiet the company's remaining noise source. "When these are installed, we should have a much safer, cleaner, and quieter plant," observed Ayers. "And that should make OSHA, and even more important, our employees, very happy."

- For more information on **Allforce Acoustics** products, circle no. 591 on reader service card.

S-W finish

(Continued from page 76A)

made our life simpler and safer."

While the cost of lead-free paint is higher than synthetic (alkyd) enamel and acrylic enamel containing lead, the company feels the life cycle cost of Sunfire provides significantly lower costs over the long-term.

When compared to a synthetic (alkyd) finish, the material costs for Sunfire are approximately 35-40% higher. However the company points to the fact that the downtime needed for Sunfire is a half to a full day less and the durability is six times longer. When compared to acrylic enamel finish, Sunfire material costs are 39-45% higher, yet will last three-and-a-half times longer. Polyurethane enamel costs 20-27% more than Sunfire and in this case lasts at least 50% longer than nonmetallic colors and twice as long as metallic colors.

Comparative ready-to-spray costs

Assume the vehicle requires four gallons of synthetic enamel regular color and ¾ gallons of Suffix "X" color. Both quantities ready-to-spray.

	Synthetic (Alkyd) Enamel		Acrylic Enamel		Polyurethane Enamel		Sunfire	
Color	4 gal. reg. .75 gal. "X" Suffix	= $71.16 = $17.59	3.6 gal. reg. .675 gal. "X"	= $67.57 = $15.21	3.30 gal. reg. .62 gal. "UM"	= $153.95 = $ 36.13	2.64 gal. reg. .50 gal. "X"	= $117.61 = $ 27.84
Total Color Ready-to-Spray	**4.75 gal.**	**$88.75**	**4.275 gal.**	**$82.78**	**3.92 gal.**	**$190.08**	**3.14 gal.**	**$145.45**

Source: Sherwin-Williams

Copyright: Beverage Industry, December 18, 1981

In comparing each finish by price per gallon ready-to-spray, Sunfire seems to be the best buy. In total color ready-to-spray, only 3.14 gallons of Sunfire are necessary by comparison to 4.75 gallons of synthetic (alkyd) enamel, 4.27 gallons of acrylic enamel and 2.92 gallons of polyurethane enamel. When considering the costs for shop overhead and labor in the refinishing process, the loss in revenue incurred during downtime and the life of the finish, the cost picture changes dramatically.

When considering all the factors, a lead-free solution may prove the safest and simplest answer to avoid the specifications set down by OSHA. Now that lead-free paint is available which is easy to apply, offering durability and high gloss retention, there is no reason to take the risk of harming the health of an individual or absorbing the costly programs necessary to comply with OSHA regulations.

- For more information on Sherwin-Williams, circle no. 501 on reader service card.

-/ C 5250-2 -

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

JANUARY 22, 1982

Beverage Industry

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on food safety is stalled

WASHINGTON, DC – Congressional delays on food safety hearings have resulted in administration delays on food safety policy.

The Cabinet Council, assigned the task of developing a stand on food safety, has "yet to reach a final administration position on most of the main issues," said Food and Drug Commissioner Dr. Arthur Hull Hayes.

Hearings before the Senate Human Resources Com-

(Continued on page 16)

Jos. Schlitz realigns its senior mgmt.

MILWAUKEE, WI – Jos. Schlitz Brewing Co. has realigned its senior management following the board's acceptance of the resignation of Jerome E. Vielehr, president and a director.

Frank J. Sellinger, vice chairman and CEO, has assumed the responsibilities of the presidency of Schlitz. Anthony J. Amendola has joined the company as exec-

(Continued on page 37)

FDA decision pending on sodium labels

WASHINGTON, DC – The Food and Drug Administration plans to notify Cadbury-Schweppes shortly on whether the beverage manufacturer can place "no sodium added" labels on soda water where all sodium-containing additives have been removed.

Under existing law, such declarations would trigger sodium content labeling of the product to the nearest 5 mg. But uniform label on soda water would normally prove difficult, since different localities have varying sodium contents in their water supplies.

However, since Cadbury-

(Continued on page 23)

BI Week

• Thomas J. Lipton has been granted a license to market a line of noncarbonated beverages and other citrus flavored items by Sunkist. Juices – canned and frozen – juice drinks and powdered beverages reportedly will be offered and sold via the Lipton sales organization. License for Sunkist carbonated products is held by General Cinema, which reportedly was in the running to receive the overall rights. Although Lipton franchises its ready-to-drink tea and Lemon Tree noncarbonated beverages with bottlers, the firm reportedly will not utilize this network to develop Sunkist products.

• Beatrice apparently has found a buyer for its beverage operations. A newly-formed concern reportedly will pay $105 million for the firm's franchised soft drink plants (7UP and Royal Crown are the primary labels) and its Silver Spring Water Co. in San Diego. The new firm is made up of the New York investment firm of Forstmann Little & Co., certain private investors and executives of the Beatrice soft drink division and/or Royal

(Continued on page 39)

GAO: Delaney clause should be amended

WASHINGTON, DC – Despite the uproar over the soon-to-be-debated Food Safety Act Amendments (S.1442), the National Soft Drink Assn. and other proponents got a needed shot in the arm when the General Accounting Office recently advocated changing the Delaney clause.

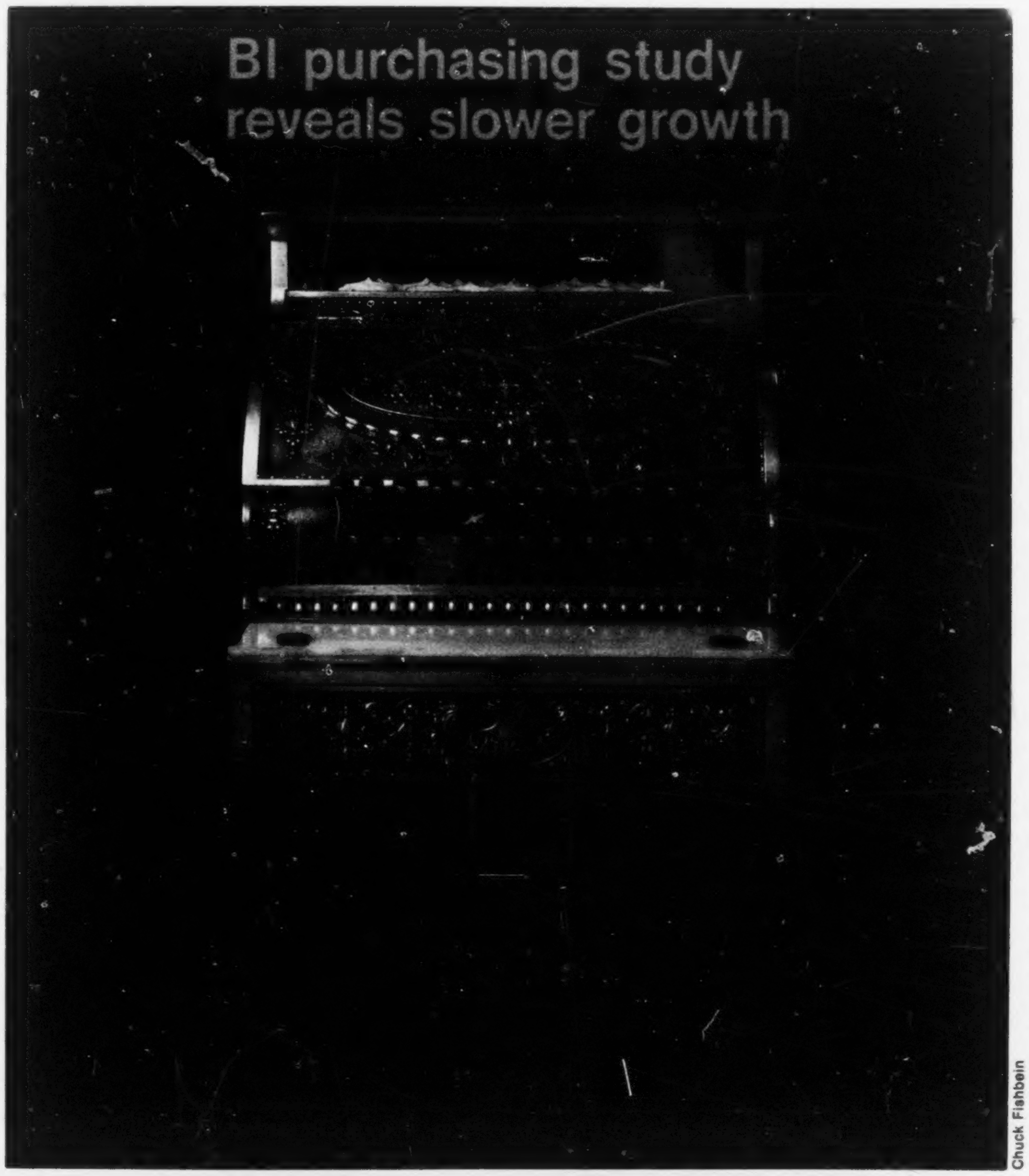
In a study on food safety issues, requested in April 1980 by seven members of Congress, GAO found that "most of the food safety experts and regulatory agency officials we spoke with believe that the Delaney clause should be changed."

Noting that "there is no unanimity about how it should be changed," GAO stated that three obvious alternatives are to leave Delaney alone, delete it or amend it. However, if it is indeed changed, the agency said that food safety experts and regulatory officials feel an acceptable level of risk should be established, risks and benefits should be compared, and health risks of using or not using carcinogens should also be explored.

Food and Drug Administration officials interviewed for the GAO study generally favored the acceptable risk approach since "the increased flexibility provided in this option would allow them to use their training and expertise to evaluate the potential risk of carcinogeneticity from a food additive." the agency noted.

Granted, it sounds easier

(Continued on page 37)



BI purchasing study reveals slower growth

Chuck Fishbein

New themes for Coke ads being tested

ATLANTA, GA – A new advertising campaign for Coca-Cola will result from testing now under-way, according to Sergio Zyman, vice president of Marketing Operations for Coca-Cola USA.

"However, our recent 'Have a Coke and a smile' commercials have been very well received," Zyman added, "and we plan to fully support this theme into the first of next year."

"Filming for test commercials will go into production within the next few weeks in several undisclosed cities across the U.S.," continued Zyman. Several different production companies will be used to work on these possible new themes under the direction of McCann-Erickson, advertising agency for Coca-Cola worldwide.

"From the moment we introduce one theme," he said, "we're working on the next.

(Continued on page 7)

Purchasing

(Continued from page 1)

not solicit information on why purchasing patterns were changing, the BI staff contacted some 25 plant executives as a followup on their survey responses. The majority (18) indicated they were cutting back until they could get a better reading of the economy.

Some typical comments:

"It appears that interest rates are coming down . . . we want to hold off and see if we can't get a better deal later in the year or next year."

We anticipate going into the .5-L PET this year and that might require us to make some purchases, but first we're going to try and run it on our existing line."

"Unemployment in our market is approaching 10% . . . sales are off about 7% now and I think we'd be foolhardy to go into a capital expansion program under these conditions."

"I don't see any reason to increase our capacity now . . . our plants are relatively new and we're looking to add a second shift in one of them."

In spite of the shakey economy, virtually all of the executives were optimistic that the Administration's policies will eventually cause a reversal of the recessionary trend.

(Calculations for this year's study is based on responses from 101 firms. Surveys were mailed to approximately 1600 soft drink plants.)

increases

Distribution expenditures will have a 16.2% increase this year with executives increasing their spending for display racks and accounting and data processing systems. This latter area will be up 29.6% this year.

Spending for quality control and laboratory equipment will be up 37.9%, highest of any category in the survey. This hike obviously reflects continuing interest in checking quality of incoming supplies as well as quality of the finished products.

Sparked by this expenditure, the total category of "Quality control and sanitation equipment" will be up 11.6%. $3.7 million will be spent on electronic and visual inspection equipment, up 15.6%; coding and marking purchases will total $2 million up 17.6%; sanitation equipment and chemicals will be up 28.7% and total $1.3 million; water treatment equipment which had one of the highest increases in '81 will be up only 5.4% in '82 and should total $19.5 million.

Perhaps one reason for the drop in planned purchases for multiple packaging equipment was suggested by a key supplier: "Bottlers spent more in '81 for Contour pack application equipment than was usual . . .market expansion of this carrier has slowed. I feel that most of the funds which are spent in this area this year will be for multiple packing of plastic bottles."

Expenditures for uncasers also showed a reduction, down 31.5%. No reason for the decline could be determined, except a suggestion that many plants were planning on going to bulk deliveries for PET in '82. Yet, expenditures for depalletizers — an essential piece of equipment for utilizing bulk delivery — did not support this. According to the survey, there will be no increases in planned expenditures for these units.

Case packer purchases will also be down slightly, dropping 4.6% to $6.1 million. Palletizer purchases should also decline slightly to $7.2 million, down 7.6%.

Shrink wrappers, accumulating tables, and conveyors and forklift truck purchases should all be up.

Total purchases for this category, "Packaging and materials handling equipment" will be down 9.2% in '82.

Except for an anticipated drop in bottle cleaners, expenditures for production equipment should hold up. Across the board increases (with proportioning/carbonating/cooling equipment showing a surprising 17.6% increase) were calculated for all these equipment lines.

(Editor's note: Vending machines and trucks and trailers are not included in this annual survey. Shipments and anticipated orders will be dealt with in subsequent issues.)

Packaging and material handling equipment purchases

(In millions of dollars)

Category	Projected '81	% change vs. '80
Multiple Packaging for bottles/cans[1]	$3.2	(31.9)
Uncasers	5.2	(32.5)
Case packers	6.1	(4.6)
Depalletizers	4.2	NC
Palletizers	7.2	(7.6)
Shrink wrappers	3.0	42 8
Labeling Machines	5.2	NC
Accumulating tables, conveyors	17.0	12.3
Forklift trucks	9.0	2.2
Total	60.1	(9.2)

1 Includes plastic collars, contour packs and paper wrap units. Purchase and lease expenditures are included.

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January 22, 1982

Beverage production equipment purchases

(In millions of dollars)

Category	Projected '81	% change vs. '80
Bottle cleaners	33.7	(21.9)
Bottle and can rinsers	5.6	3.7
Bottle/can fillers	44.2	NC
Proportioning/carbonating/cooling equipment	17.6	0.3
Cappers	7.3	8.9
Decappers	4.2	7.6
Change parts 1	12.2	22.0
Refrigeration equipment	2.4	26.3
can/bottle warmers	1.9	NC
Post-, premix equipment	3.1	46.1
Boilers and heaters	8.3	6.4
Syrup and sweetener mixing System & Storage equipment	6.7	6.3
Others 2	6.7	4.6
Total	$153.9	(1.5)

1 includes sound/noise control devices
2 includes case washers, other unspecified equipment
* Categories and totals have been rounded

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January 22, 1982

Distribution and merchandising equipment purchases

(In millions of dollars)

Category	Projected '81	% change vs. '80
Truckloading equipment[1]	$3.3	NC
Hand trucks[2]	1.6	NC
Display racks[3]	9.3	15.4
Uniforms	3.5	NC
Acc'ting & data processing	15.3	29.6
Total	33.0	16.2

1 Does not include route vehicles, forklift trucks or vending equipment
2 Included automated in-truck equipment, ramps, etc.
3 Includes POP materials, clocks, scoreboards, signs, etc.
NC=No change from previous year.

Copyright: Beverage Industry
January 22, 1982

Quality control and sanitation equipment purchases

(In millions of dollars)

Category	Projected '81	% change vs. '81
Quality control equipment (for lab)	4.0	37.9
Electronic and visual inspection	3.7	15.6
Coding and marking equipment	2.0	17.6
Sanitation equipment and chemicals	1.3	24.7
Water treatment equipment	19.5	5.4
Total	30.5	11.6

*Categories and totals have been rounded

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January 22, 1982

August Pabst touts Blue Ribbon image

MILWAUKEE — August Pabst, great grandson of the brewery's founder and a board member, has been cast as spokesman for Pabst Brewing Co.'s flagship brand in one of four new commericals scheduled for airing in major Midwest cities.

In the spot, Pabst sits in a Wisconsin-area bar holding a bottle of Pabst Blue Ribbon promising that "as long as my name's on the bottle" the beer's quality will never diminish. He adds, "The real taste of beer? It's really what's inside the bottle."

The ad featuring Pabst bears a strong resemblance to Jos. Schlitz Brewing Co. ads in which chief executive Frank Sellinger appears in various pubs extolling viewers to "Taste my Schlitz."

Pabst says its ad exhibits faith in the brand and gives added credibility to its "Give that man a Blue Ribbon" campaign.

Pabst's four 60- and 30-second spots were created by the company's agency, McCann-Erickson, New York. The three other ads feature testimonials from beer drinkers in various bars on the taste of Pabst Blue Ribbon.

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS
JANUARY 22, 1982
Beverage Industry
MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY
PUBLISHED EVERY OTHER FRIDAY

Japanese consumption expects substantial growth

By Sankichi Yamasaki
Far East Correspondent

TOKYO — Per capita consumption of commercial beverages in Japan is expected to grow substantially in the near future, due to two factors: Japanese consumers' exposure to more and more foreign cultures and habits; and the Japanese' large and growing amount of disposable income in the form of savings.

Due to good availability of quality tap-water throughout the country and to the continued popularity of traditional, and inexpensive, green tea, Japanese consumption of commercial beverages is far below that of other developed countries.

For example, nearly half of total 1980 per capita beverage consumption in Japan is non-packaged green or black tea and coffee.

Under existing import restrictions and high import duties imposed, fruit juice, milk products and alcoholic drinks are difficult to import into Japan. Once these restrictions are changed (improved), there will be a tremendous market expansion potential for these products.

In 1980, because of a difficult economy and especially unfavorable weather conditions during the high-consuming months of June through August, all beverages in Japan experienced a decrease in sales. The exceptions were a few sub-categoried items, such as coffee drink, high-fibered citrus drink and newly-introduced sport (isotonic) drink. *(See BI, Dec. 18, 1981, p. 19.)*

Table 2 shows a breakdown of soft drink production in Japan by three main categories during 1979-1980. Unlike other countries of the world, Japan's production of carbonated drinks accounts for only 50% of total soft drink production. The remaining 50% is shared by noncarbonated fruit and milk drinks. There is a slight shift from carbonated to non-car-

(Continued on page 6)

Per capita consumption of soft drinks
Unit = liter

Year	Carbonated drinks	Fruit drinks	Milk drinks	Total
1973	29.4	7.6	8.4	45.4
1974	26.6	8.2	7.2	42.0
1975	25.0	9.6	6.0	40.6
1976	24.8	11.8	6.4	43.0
1977	27.8	15.3	6.8	49.9
1978	29.6	15.8	8.0	53.4
1979	29.0	16.6	8.6	54.2
1980	24.4	15.4	8.2	48.0
80/73	83%	203%	98%	106%

Source: Yamasaki International

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Production of soft drinks by categories:
Unit = kiloliter

Category:	1980:	1979:	80/79: %
Carbonated Drink	2,855,000 (51%)	3,362,000 (53%)	85
Fruit Drink	1,803,000 (32%)	1,928,000 (31%)	94
Milk Drink	970,000 (17%)	995,000 (16%)	98
Total	5,628,000 (100%)	6,285,000 (100%)	90

Source: Yamasaki International

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Schaberger, Pneumatic sign agreement

QUINCY, MA — Pneumatic Scale Corp., located here, and Carlo Schaberger Special Machines Co. of Mainz, West Germany, have entered into an agreement whereby Pneumatic will sell, service and manufacture the Schaberger line of bulk glass or plastic container palletizing and depalletizing systems throughout the U.S. and Canada.

Schaberger has been making the systems for 15 years; it has over 2500 machines installed throughout Europe, Great Britian, Ireland, the Mid East, the Far East, Africa, Mexico and South America.

The line includes automatic and semiautomatic palletizers and depalletizers, empty pallet stackers and inspection units, tray formers, tray or slip sheet inserters, conveyor systems and shuttle car systems for multiple line installations.

Schaberger's equipment utilizes three transfer medi-

(Continued on page 37)

Khisu water introduced in U.S. markets

NEW YORK, NY — Khisû "miracle water", a naturally carbonated mineral water from Korea, is now being marketed in this country. It is the product of Khisû Corp., N.Y. which was recently formed by Roe Kasian, president of Roe Kasian Designs, an international furniture Co.

Khisû is being exported, for the first time, to the United States and is the first imported mineral water from Korea. Available initially in the New York market, the water is packaged in a handsomely designed, 14 oz. bottle bearing large, distinctive Oriental calligraphic letters proclaiming "miracle water".

Khisu "miracle water"

Khisû, which literally translates from the Korean language as "miracle water", is regarded by many in the Orient as possessing numerous health oriented capabilities. It was given its name in 1445 by King Sejong of the Yi Dynasty, whose health was miraculously restored by drinking this water.

Though an ancient legend, Khisû is bottled under the most sophisticated of modern techniques, the company says, and has gained approval from the U.S. Food and Drug Administration.

- For more information on **Khisû**, circle no. 546 on reader service card.

U.S. beverage purchases analyzed in Majers' study

STAMFORD, CT — U.S. per capita consumption of cold beverages continues to rise each year, and alcoholic beverages are being purchased in supermarkets and drug stores in record volume, according to a recent study conducted by Majers Corp, a market research firm with offices here.

Over 50% of consumers surveyed purchase their alcoholic beverages in supermarkets, while only 24% buy in liquor stores. Marketers of alcoholic beverages can take advantage of this trend by featuring their products in weekly grocery and drug store ads, said Warren Archer, Majers' product development director.

"We selected an advertising account list of top brand alcoholic beverages to measure ad featuring and to compare other packaged goods purchases to alcoholic beverages," Archer said. Majers developed a weighting system, similar to that used in other packaged goods studies, to compare ads by size of ad, size of retailer and size of market.

Surveys were conducted to analyze purchase intent of various products in drug, grocery and liquor store newspaper ads. A series of experimental ads with different products featured in various sizes, was also developed by Majers and mailed to consumer who regularly buy alcoholic beverages. A follow-up survey assessed consumer reaction to the experimental

(Continued on page 7)

Japan SD

(Continued from page 4)

bonated in this period.

After the oil-shock of 1973, carbonated drink consumption in Japan dropped substantially, but then recovered by 1979, as shown in table 3. Fruit drink consumption, however, was not similarly affected. Per capita use in liters for this segment rose steadily from 1973 through 1979.

coffee drink

The advent of coffee drink, containing milk, and sold mainly through vending machines, hot or cold, throughout the year, offset a dramatic decrease in use of long-favored fermented milk drink in that sector. Because of the high cost of local fruit juice and milk, soft drink manufacturers are more interested in offering diluted products as soft drink, using authentic juice and milk as raw materials.

At the same time, Japanese consumers are becoming more and more health and cost/value conscious these days. This trend has made juice- and milk-containing products more popular than carbonated drinks, which lack these components.

Sport (isotonic) drinks, recently introduced in the country, have won immediate success, while regular-type drinks are all in trouble.

For instance, per capita consumption of carbonated drinks in Japan dropped by almost five liters between 1979 and 1980.

Of the top 20 beverage producing companies in Japan, Coca-Cola Group (ranking first) accounts for 33% of the total (5.6 billion liters) in 1980. However, the company's market share decreased by 1.7% compared to 1979.

Another one-third of the total production in 1980 is accounted for by 19 large companies, including Kirin Brewery, UCC Coffee, PepsiCo Group, Sapporo Brewery, Snow Brand, Seven-Up and others. The remaining third is made up of small, middle-sized, independent bottlers and contract packers/bottles.

Suntory, Calpis Food,

(Continued on page 16)

Top 10 brands in the Japanese market
Unit = Million Liters

Rank	Brand	1980	1979	80/79 %
1	Coke (CCJ)	898	1,059	85
2	Fanta (CCJ)	535	681	79
3	Calpis Conc.	243	325	75
4	Mitsuya Cider	225	260	87
5	Kirin Lemon	218	312	70
6	UCC Coffee	187	167	112
7	Sprite (CCJ)	181	184	98
8	Kirin Orangeade	112	134	84
9	Hi-C (CCJ)	101	145	70
10	Suntory Ade	91	105	87

Source: Yamasaki International

Copyright: Beverage Industry
January 22, 1982

Japanese per-capita consumption of beverages
Unit = Liter

Category Non-Packaged	1976	1977	1978	1979	1980	80/76 %
Green Tea	86.6	89.0	88.0	84.4	87.4	99
Coffee	24.7	22.2	21.3	30.3	28.3	115
Black Tea	4.2	3.9	3.9	3.8	3.7	88
Sub-Total	117.5	115.1	113.2	124.0	119.4	102
Packaged Soft drink						
Carbonated Drink	24.7	27.8	29.6	28.9	24.4	100
Fruit Drink	10.3	12.2	14.3	15.1	15.4	150
Milk Drink	6.4	6.9	8.0	8.2	8.2	128
Sub-Total	41.4	46.9	51.9	52.2	48.0	116
Food drink						
Fruit Juice	2.6	2.7	3.1	3.1	2.8	108
Milk	29.5	30.8	31.3	32.7	33.8	115
Bottled Water	0.3	0.4	0.5	0.6	0.7	233
Sub-Total	32.4	33.9	34.9	36.4	37.3	115
Alcoholic drink						
Beer	32.1	36.1	38.5	38.5	38.8	121
Wine	14.5	14.9	14.0	14.1	14.0	97
Spirit	5.3	5.6	5.7	5.9	5.8	109
Sub-Total	51.9	56.6	58.2	58.5	58.6	113
Total	243.2	252.5	258.2	271.1	263.3	108
Population (million)	113.1	114.2	115.2	116.1	116.9	103

*The fruit juice category contains 100% fruit juices; coffee drink is included in the milk drink category.
Source: Yamasaki International

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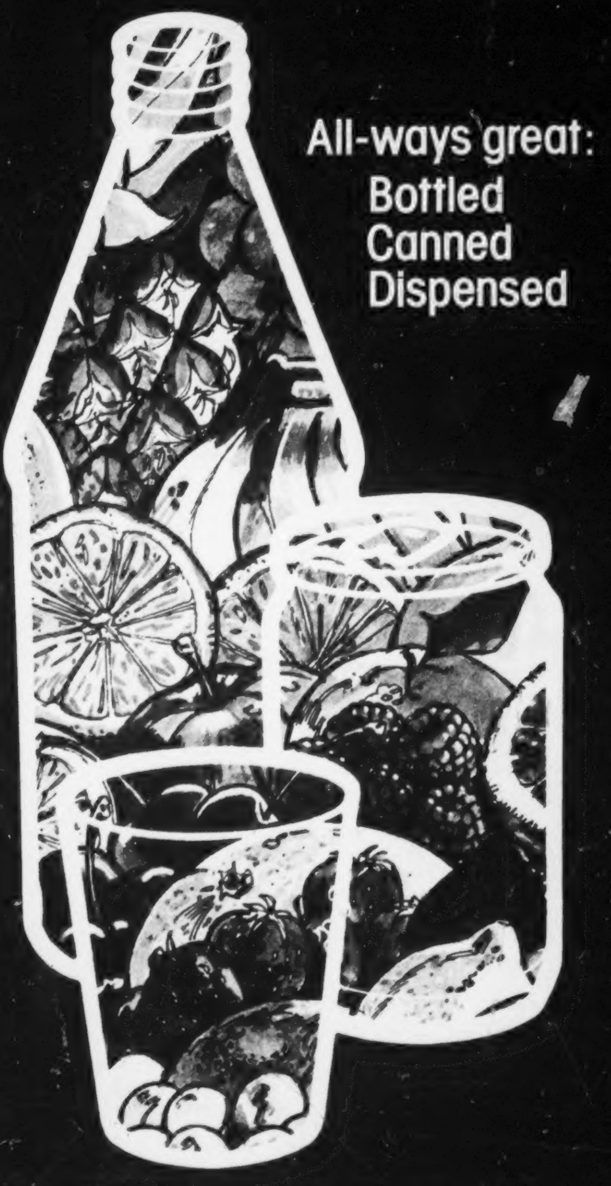
January 22, 1982



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Japan SD

(Continued from page 13)

Kirin, Asahi and Sapporo, who all used to play important roles in the industry, suffered substantial production losses in 1980 compared with 1979. For example: Suntory Brewery production dropped by 24 million liters in the period; Calpis dropped 88 million, Kirin was down 118 million; and Asahi, off 44 million liters.

Production increases were attained only by companies specializing in coffee drinks, such as UCC Coffee (up 21 million liters), Pokka Lemon (up 11 million) and Daido (up 8 million). Coca-Cola Group's coffee drink, "Georgia," increased by 69%.

Newly introduced products, like Sunfil of CCJ and Plussy 50 of Takeda, did well, while all established products showed decreases, 1979-1980.

It is estimated that Dr. Pepper's production fell to 7,300 kl in 1980 from 8,100 kl in 1979. Schweppes has withdrawn from the market quietly.

IP starts operation of new facility

NEW YORK, — International Paper Co. (IP) has started operation of a newly licensed facility for hot-fill processing and packaging of liquid juice and juice drink products.

The facility, which opened last November 16 in Mobile, AL, will permit the company's customers to package their products in special IP-manufactured hot-fill paperboard containers under typical production conditions, the company said.

Products and packages can then be evaluated using on-site testing laboratories and microbiological facilities. Thirty-seven separate product tests are scheduled for major juice processors and food manufacturers.

The facility location, in the company's Ehrling Reis Research complex, is where IP did much of the developmental work on special barrier boards, laminations and extrusion coatings.

The hot-fill package and system was introduced in July, 1981.

• For more information on **IP processing** and **packaging**, circle no. 505 on reader service card.

Food safety

(Continued from page 1)

mittee on Chairman Orrin Hatch's (R-Utah) bill S. 1442, were repeatedly postponed near year's end. Subsequently the very fast track toward testimony was slowed somewhat," Hayes said and "we are again reviewing closely the many important issues in the proposed legislation."

Although it has gained a lot of attention, the controversial Delaney clause is not the only issue that needs to be addressed during the coming food safety debate, he stressed. If anything, the current "antiquated and overly complicated statute," needs to be revamped "from top to bottom."

In the meantime, before the hearings are finally held, "we are taking the opportunity to continue our briefing to the Cabinet officers and also continue modifying the testimony appropriate to the decisions reached by the cabinet Council," Hayes concluded.

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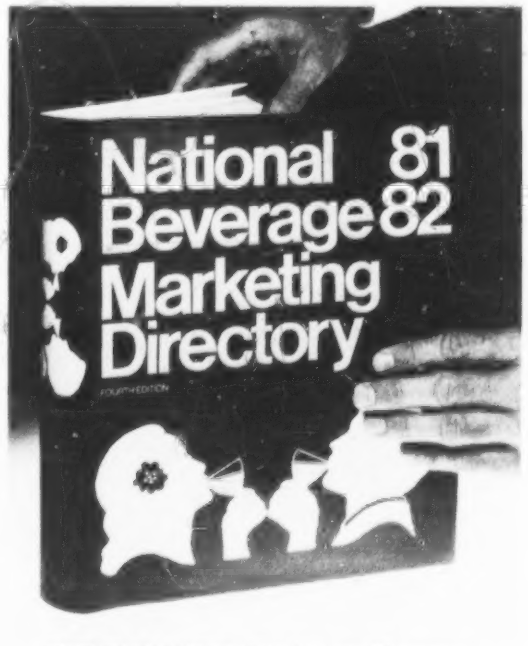

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FEBRUARY 5, 1982

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY

PUBLISHED EVERY OTHER FRIDAY

1981 TOP TEN BEER BRANDS

Rank	Brand	Market Share	Production*
1	Budweiser	20.6%	37.6
2	Miller High Life	12.2%	22.3
3	Miller Lite	9%	16.2
4	Coors	6%	11.2
5	Pabst	5%	9.7
6	Michelob	4.6%	8.5
7	Schlitz	3.1%	5.7
8	Old Style	3%	5.6
9	Stroh	3%	5.5
10	Old Milwaukee	2.7%	5.0

*Millions of barrels

Source: Lehman Bros. Kuhn Loeb Research

Copyright: John Maxwell
Beverage Industry,
February 5, 1982

Beer sales up only 2% last year

NATIONAL REPORT — Domestic beer production, usually considered a good measure of sales, rose by only 2% in 1981, compared with 1980, according to John Maxwell, director of research statistics at Lehman Brothers Kuhn Loeb Research, in New York City.

Maxwell's statistics indicate that 177.5 million barrels were produced, excluding 2.5 million barrels of tax-free exports and military. 1980's production volume was 173.3 million barrels.

Maxwell estimates that year-end capacity of all do-

(Continued on page 10)

Pabst closes IL brewery in cost-cutting move

MILWAUKEE, WI — On the heels of a decision to keep its Newark, NJ, brewery running, the Pabst Brewing Co. is phasing-out operation of its 3.3 million barrels per year plant in Peoria Heights, IL.

Phase-out began in early January and should be completed within two months, depending on inventory, according to a company spokesman.

The action idles more than 700 workers, which Pabst says it will try to help in any way it can, although there's no official program. Apparently, union proposals made during negotiations to keep the plant open (which were not immediately specified by Pabst) were deemed inadequate by the company.

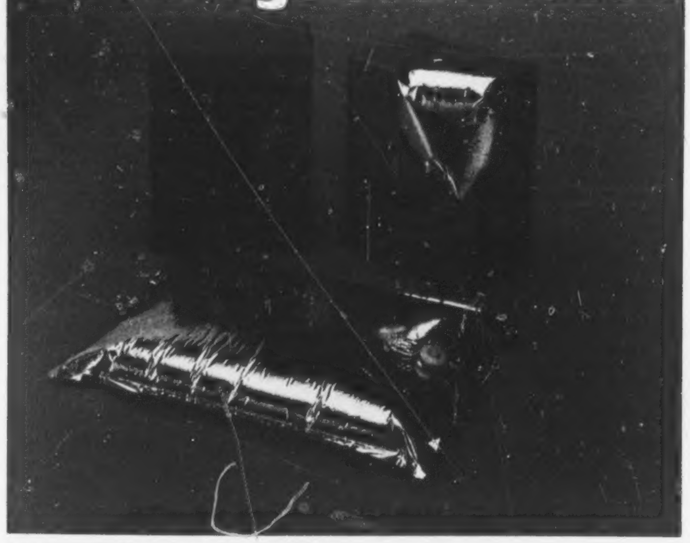
In addition, an "extensive study of the economic condition of the brewery" convinced Pabst to conclude "painfully" that it was necessary to close the facility.

William F. Smith, Jr., Pabst president and chief executive, said, "The excess brewing capacity in the Midwest makes operation of the Peoria Heights facilities uneconomical for Pabst over the long-term. Given the brewing marketplace today, and the resources Pabst has available to it, the company has no other alternative.

"Pabst will continue to maintain an important marketing presence in the Peoria area, with future shipments in the market being supplied

(Continued on page 16)

BI Package of the Week



Bag-in-box for syrup near industry intro

SPECIAL REPORT — With the introduction of at least two new systems at this year's NSDA convention and amid reports that at least one of the two major cola producers will field test the units early in '82, it appears that the bag-in-box concept for the post mix syrup package may be close to reality.

Syrup-Pak is the trademarked name of one new system introduced by B-Bar-B at this year's meeting. Executives referred to their new system as "the complete field-proven system ready now to convert the soft drink bottler from expensive, returnable five gallons to a more economical and convenient one-way package."

"Cost savings, according to Ed Rhawn, B-Bar-B presi-

(Continued on page 28)

SD stocks should post good profits

NEW YORK, NY — Soft drink industry stocks should quench the thirst of investors who hope to beat the stock market during the coming year, according to Value Line, the nation's largest investment advisory service. Soft drink stocks rank first in near-term performance among the 93 industries Value Line reviews.

Four of the five soft drink companies that the advisory service follows are "likely to report record profits" in 1981, states Value Line in the current issue of its Weekly Investment Survey. "Moreover, 1982, prospects also are

(Continued on page 16)

BI Week

- **Reaction to A-B's announced plan to increase prices is mixed. Some — Iron City, Stroh and Schlitz — have announced increases of 6%-7% on half and quarter barrels. As of mid-January, however, Coors, Heileman and Pabst were holding off on any increases.**

- **Sugar prices went up about 30% as the result of an increase in import duty. Market stabilization price went from approximately 15 cents per lb. to 19.08. The increases were brought about when the President took action under the recently passed farm bill.**

- **FTC considering new criteria for approving mergers.**

(Continued on page 29)

Congress to monitor ATF revamping

WASHINGTON, DC — Before the Bureau of Alcohol, Tobacco and Firearms is dismantled on March 31, Congress wants to have a good idea how the Treasury Dept. plans its organization.

Hearings are expected this month before the Senate Appropriations Subcommittee on Treasury, Postal Service and General Government, at the request of Chairman James Abnor (R-SD), on Treasury's transition program. Abnor contends Congress should know how its money is being spent, especially since it is estimated that ATF's dismantling may

(Continued on page 2)

Contents

Beer production up by 2% in '81

Domestic beer production for 1981 rose by 2% when compared with 1980, according to **Beverage Industry's** director of research statics, John Maxwell. Budweiser, Miller High Life and Miller Lite retained their top three positions in the beer market, capturing market shares of 20.6%, 12.2% and 9%, respectively. For statistics on the top 10 brands, production by brand, brewers' market shares and leading import brands, see **page 1.**

Pabst to close Peoria brewery

While the Newark, NJ brewery will remain in operation, Pabst has decided to phase out its 3.3 million barrel brewery in Peoria, IL. For more information, see **page 1.**

.5-L PET handling problems solved

Simplimatic Engineering Co. has built an experimental production line that can convey and pack .5-L PET bottles at speeds of up to 700 per minute. Modification in handling and conveyor equipment resulted in a automated race-track shaped line used to study problems in filling and packaging the bottles. For a representation of the test loop and more details, see **page 4.**

Alcoholism ed begun by BAIC

The Beverage Alcohol Information Counsel has begun an educational campaign using "alcoholism as a treatable disease" as its theme. The group plans to get its message to the public via posters, leaflets, and other materials disseminated by the media and physicians. For more information, see **page 5.**

Nutrition group offers information

A group of industry, government and consumer representatives now comprises the Network for Better Nutrition, offering information on food and nutrition to the public. The group was established in lieu of Phase II and Phase III of the FTC's food trade regulation rule, to improve the information base upon which food and nutrition information/education can be based. For details, see **page 8.**

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Brewers' production and estimated year-end 1981 capacity

(million barrels)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	Year-end Capacity 1981E
Anheuser-Busch	24.3	26.6	29.9	34.1	35.2	29.1	36.6	41.6	46.2	50.2	54.5	60.0
Miller	5.1	5.4(d)	6.9	9.1	12.9	18.4	24.2	31.3	35.8	37.2	40.2	42.0
Schlitz	16.7	18.9	21.3	22.7	23.3	24.2	22.1	19.6	16.8	15.0	14.2	18.8
Heileman (a)	9.4	9.9	10.5	9.5	10.0	9.6	10.6	10.5	11.3	13.0	14.1	15.5
Pabst	11.8	12.5	13.1	14.3	15.7	17.0	16.0	15.4	15.1(j)	15.1	13.5	17.5
Coors	8.5	9.8	10.9	12.3	11.9	13.5	12.8	12.6	12.9	13.8	13.2	15.0
Stroh (b)	9.3	9.7	10.2	10.1(g)	11.0	10.9	10.8	10.2	9.6	9.8	9.2	11.5
Olympia (c)	4.2	4.4	4.7	5.3	6.6	7.3	6.8	6.7	6.0	6.1	5.9	9.0
Genesee	1.6	1.7	1.9	2.1	2.4	2.5	2.8	3.0	3.4	3.6	3.6	4.0
Schmidt	3.2	3.2	3.5	3.5	3.3	3.5	3.5(h)	3.8	3.8	3.6	3.5	4.3
General	5.1	6.2(e)	6.0	5.8	6.1	4.2	4.0	3.5(i)	3.0	2.6	2.1	8.8
Pittsburgh	1.2	0.9(f)	0.9	1.0	1.0	0.9	0.7	0.6	0.7	1.5	1.3	1.5
All Others	29.5	24.7	20.5	17.8	11.1	11.1	8.3	6.5	6.1	4.9	4.7	5.1
	129.9	133.9	140.3	147.6	150.5	152.2	159.2	165.3	170.7	176.4	180.0	213.0
Less tax-free exports and military	2.5	2.1	1.8	2.1	1.9	1.8	2.3	2.6	2.6	3.1	2.5	
	127.4	131.8	138.5	145.5	148.6	150.4	156.9	162.7	168.1	173.3	177.5	
Imports	0.9	0.9	1.1	1.4	1.7	2.4	2.5	3.5	4.4	4.6	5.3	
Total U.S. Consumption	**128.3**	**132.7**	**139.6**	**146.9**	**150.3**	**152.8**	**159.4**	**165.7**	**172.5**	**177.9**	**182.8**	

(a) Includes Carling National for all periods except first three months of 1979
(b) Schaefer & Stroh combined for all years
(c) Includes certain assets of Hamm's acquired March 1975, and pro forma for Lone Star for all years
(d) Pro forma for purchase of Meister Brau as of July 1972
(e) Pro forma for purchase of Ballantine as of March 31, 1974
(f) Strike in August and September
(g) A 40-day strike in April-May had an adverse effect on sales
(h) Includes Rheingold as of December; Rheingold's previous volume included in All Others
(i) Pro forma for Pearl acquisition in January 1978
(j) Includes Blitz

Source: Lehman Bros. Kuhn Loeb Research

**Copyright: John Maxwell, Beverage Industry
February 5, 1982**

Malt beverage imports by country

(000 barrels)

	January-September			Full Year							
	1980	1981	Change	1977	1978	1979	Change	1980	Change	1981E	Change
Netherlands	1,327	1,622	22.2%	1,030	1,538	1,995	29.7%	1,792	(10.2)%		
Canada	1,172	1,299	10.8	760	996	1,292	29.7	1,532	18.6		
Germany	346	431	24.6	327	390	459	17.7	475	3.5		
Mexico	274	274	—	170	205	294	43.4	329	11.9		
U.K., Ireland	121	134	10.7	92	135	124	(8.1)	162	30.6		
Australia	47	43	(8.5)	37	51	73	43.1	65	(11.0)		
Japan	29	34	17.2	24	30	39	30.0	40	2.6		
Philippines	13	23	76.9	27	28	30	7.1	23	(23.3)		
Denmark	19	14	(26.3)	15	24	22	(8.3)	25	13.6		
Norway	12	11	(8.3)	20	22	14	(36.4)	16	14.3		
Other	81	100	23.5	44	52	82	57.7	111	35.4		
Total	**3,441**	**3,985**	**15.8%**	**2,546**	**3,471**	**4,424**	**27.5%**	**4,570**	**3.3%**	**5,300**	**16.0%**

Source: Lehman Bros. Kuhn Loeb Research

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February 5, 1982**

Estimated malt liquor sales volume

(000 barrels)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981E
Schlitz (Schlitz)	700	900	1,100	1,300	1,500	1,700	1,800	1,900	2,150	2,500
Colt 45 (Heileman)	1,050	1,100	1,200	1,300	1,400	1,400	1,350	1,000	1,200	1,200
Olde English (Pabst)	—	—	—	—	—	—	500	900	1,000	800
Champale (Iroquois)	285	385	350	400	400	700	800	900	900	650
Mickey's (Heileman)										400
Country Club (Pearl)	700	710	600	550	500	450	400	300	200	200
Magnum (Philip Morris)**	—	—	80	*	—	—	—	—	—	200**
Malt Duck (Heileman)	—	—	50	80	100	110	125	100	100	75
Bud Malt (Anheuser-Busch)	200	80	*	—	—	—	—	—	—	—
900 (Pearl)	—	—	—	—	—	—	—	—	—	50
Subtotal	2,935	3,090	3,380	3,630	4,000	4,360	4,975	4,900	5,350	6,075
All Others	250	110	120	120	170	200	50	50	50	50
Total	**3,185**	**3,285**	**3,500**	**3,750**	**4,170**	**4,560**	**5,025**	**5,000**	**5,400**	**6,125**

Source: Lehman Bros. Kuhn Loeb Research

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February 5, 1982**

Beer sales

(Continued from page 1)

mestic brewers last year was 213 million barrels.

If imports are included in total production/sales, the figure would reach 2.7% in 1981 above the previous year.

U.S. consumption of imported beer brands has been steadily increasing over the past decade to 5.3 million barrels in 1981 (from around a million barrels in the early '70s). Adding the imports puts total U.S. beer consumption last year at 182.8 million barrels.

Only three domestic brewers increased their production volume in 1981: Anheuser-Busch, Miller and Heileman. The latter company, for all practical purposes, is in a tie with Schlitz, whom it attempted unsuccessfully to merge with last year.

A-B's production rose 4.3 million barrels to 54.5 million, maintaining the company's no. one position, 14.3 million barrels ahead of Miller, and 40 million barrels above Schlitz and Heileman.

(Continued on page 13)

Brewers' estimated market shares

	1979	1980	1981
Anheuser-Busch	26.8%	28.2%	29.8%
Miller	20.8	20.9	22.0
Schlitz	9.7	8.4	7.8
Heileman	6.6	7.3	7.7
Pabst	8.8	8.5	7.4
Coors	7.5	7.8	7.2
Stroh	5.6	5.5	5.0
Olympia	3.5	3.4	3.2
Genesee	2.0	2.0	2.0
Schmidt	2.2	2.0	1.9
General	1.7	1.5	1.1
Pittsburgh	0.4	0.8	0.7
Others*	4.4	3.7	4.2
Total	**100.0%**	**100.0%**	**100.0%**

*Includes imports

Copyright: John Maxwell, Beverage Industry

Source: Lehman Bros. Kuhn Loeb Research

February 5, 1982

Year-end capacity of leading breweries

(million barrels)

	1978	1979	1980	1981E	1982P
Anheuser-Busch	44.0	47.0	53.5	60.0	66.5
Miller	34.0*	38.0*	40.0	43.0	47.0
Schlitz	30.0	30.0	25.0	18.8	18.8
Pabst	17.5	17.5	17.5	17.5	17.5
Coors	16.0	15.0	15.0	15.0	15.0
Total	**141.5**	**147.5**	**151.0**	**154.3**	**164.8**

*Full-out annual capacity — 24 hours a day, seven days a week.
It is necessary to deduct about 15% for comparability.

Copyright: John Maxwell, Beverage Industry

Source: Lehman Bros. Kuhn Loeb Research

February 5, 1982

Beer sales

(Continued from page 10)

Fifth and sixth on the list are Pabst and Coors, in a virtual tie, with 13.5 million and 13.2 million barrels produced last year. As part of a major streamlining effort, Pabst recently decided to phase-out its brewery in Peoria Heights, IL., while continuing production at its Newark facility.

A-B continued to lead the domestic industry with 29.8% of the market in 1981; Miller had 22%; Schlitz and Heileman had 7.8% and 7.7% respectively.

'81 estimates

It is interesting to note that 1981's estimated volume increase of 4.3 million barrels for A-B's flagship brand is greater than the estimated domestic industry increase of 3.6 million. All Anheuser-Busch brands except Natural Light, were up last year, led by Budweiser, with an increase of 11%, to 37.6 million barrels. Natural Light dropped from 2.4 million to 1.9 million, 1980 to 1981, according to Maxwell.

The Miller Lite brand, up by almost 23%, to 16.2 million barrels, continues as the industry's leading light product.

While production of Schlitz' flagship brand continued its decline, another Schlitz product, Old Milwaukee, jumped up to 5 million barrels last year, apparently closing in on the 5.7 million barrels production level of the former.

Pabst', Coors' and Stroh's flagship brands also showed production declines, 1980 to 1981.

Pittsburg Brewing continues to do reasonably well, according to Maxwell, despite a 17-day strike in May, 1981. The company's Iron City Light is now its main brand, selling some 800,000 barrels. Pittsburg has also had some success with its Pumper, a quarter-barrel keg that is selling somewhere around 100,000 barrels, Maxwell estimates. Pittsburg's 1981 production was 1.3 million barrels, giving it a 0.7% market share.

new products

In the new product area, Maxwell believes that A-B could very well nationally roll out its Budweiser Light brand early this year. Market tests seem to be going

(Continued on page 14)

Production by brand

(million barrels)

	1977	1978	1979	1980	1981E
Anheuser-Busch					
Budweiser	25.0	27.0	30.0	33.9	37.6
Michelob	6.2	7.5	8.0	8.5	8.5
Busch	3.4	3.6	3.2	2.8	3.1
Michelob Light	—	1.0	2.0	2.6	3.2
Natural Light	1.9	2.5	3.0	2.4	1.9
Other	—	—	—	—	0.2
Total	36.5	41.6	46.2	50.2	54.5
Miller					
High Life	16.5	20.8	23.6	22.7	22.3
Lite	7.5	9.5	11.2	13.2	16.2
Lowenbrau	0.2	1.0	0.9	1.2	1.5
Other	—	—	0.1	0.1	0.2
Total	24.2	31.3	35.8	37.2	40.2
Schlitz					
Schlitz		13.0	10.5	7.5	5.7
Old Milwaukee		3.6	3.7	4.2	5.0
Schlitz Malt		1.8	1.9	2.3	2.5
Schlitz Light		0.8	0.6	0.4	0.3
Erlanger		—	—	0.4	0.6
Other		0.4	0.1	0.2	0.1
Total		19.6	16.8	15.0	14.2
Heileman					
Old Style				5.2	5.6
Schmidt/Rainer				0.9	1.0
Blatz				1.3	1.5
Colt 45				1.2	1.2
All Other				4.4	4.8
Total				13.0	14.1
Pabst					
Pabst		12.7	12.3	11.2	9.7
Olde English (Malt)		0.5	0.7	1.0	0.8
Red, White & Blue		0.5	0.9	1.2	1.4
Blitz		0.3	0.5	0.8	0.5
Pabst Light		0.6	0.7	0.6	0.7
Andeker		—	—	—	0.1
Other		0.8	—	0.3	0.3
Total		15.4	15.1	15.1	13.5
Coors					
Coors		12.1	11.3	11.4	11.2
Coors Light		0.5	1.6	2.4	1.9
Other		—	—	—	0.1
Total		12.6	12.9	13.8	13.2
Stroh					
Stroh				5.7	5.5
Stroh Light				0.5	0.6
Schaefer				3.6	3.1
Total				9.8	9.2

Source: Lehman Bros. Kuhn Loeb Research

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February 5, 1982

Leading imported beer brands

(million gallons)

	1979		1980		1979/80
	Vol.	% Mkt	Vol.	% Mkt	Change
Heineken	59.1	43.1%	53.5	37.8%	(9.5)%
Molson	29.3	21.4	31.7	22.4	8.2
Dos Equis	7.0	5.1	7.9	5.6	12.9
Labatt	6.6	4.8	6.9	4.9	4.5
Becks	6.1	4.4	6.3	4.5	3.3
Moosehead	2.0	1.5	5.6	4.0	180.0
St. Pauli Girl	2.0	1.5	2.2	1.6	10.0
Carta Blanca	1.8	1.3	2.1	1.5	16.7
Grolsch	1.4	1.0	1.9	1.3	35.7
Foster	2.0	1.5	1.8	1.2	(10.0)
Guinness	1.6	1.2	1.7	1.2	6.3
Bass Ale	1.5	1.1	1.6	1.1	6.7
Kronenbourg	—	—	0.8	0.6	—
Amstel Light	—	—	0.4	0.2	—
Others	16.7	12.1	17.2	12.1	3.0
Total	**137.1**	**100.0%**	**141.6**	**100.0%**	**3.3%**

Source: Lehman Bros. Kuhn Loeb Research

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Seco loop

(Continued from page 4)

caser made by Industrial Automation Corp. The loop includes or simulates many, but not all major components of production lines in both bottle manufacturing plants and bottling plants, plus equipment used by bottle manufacturers or bottlers.

However, the loop doesn't duplicate either a manufacturer's or a bottler's production line, Little emphasized. For example, he noted, it doesn't include a filling machine, since it isn't necessary for testing purposes to actually fill the bottles with a beverage as they move around the loop.

"Problems mainly occur in handling the lightweight bottles when empty," he said. "After the bottles are filled, the weight and pressure of the carbonated beverage inside make them much more stable as they move along the production line."

Little also said that an actual production line in a manufacturing or bottling plant is virtually never a loop. It's often a straight line, where the processing of bottles starts at one end of the line and finishes at the other end. SECO's line is a loop so that testing can run continuously, with the same bottles moving around the loop over and over again.

"Some equipment for handling .5-L PET bottles is similar to equipment for 2-L bottles, but some is quite

Beer sales

(Continued from page 13)

well. Miller is testing Magnum, a malt liquor. Maxwell points out that malt liquor as a whole has held up reasonably well considering the current sluggish economy.

An estimated 6.1 million barrels of malt liquor were sold by domestic brewers in 1981, compared with 5.4 million the year earlier. Schlitz Malt Liquor leads the pack with 2.5 million barrels estimated in 1981, an increase of 350,000 barrels vs. 1980. Heileman's Colt 45 brand equalled its '80 performance with 1.2 million barrels sold in both years. Sales of Pabst' Olde English were an estimated 800,000 barrels last year, down from a million in 1980, according to Maxwell.

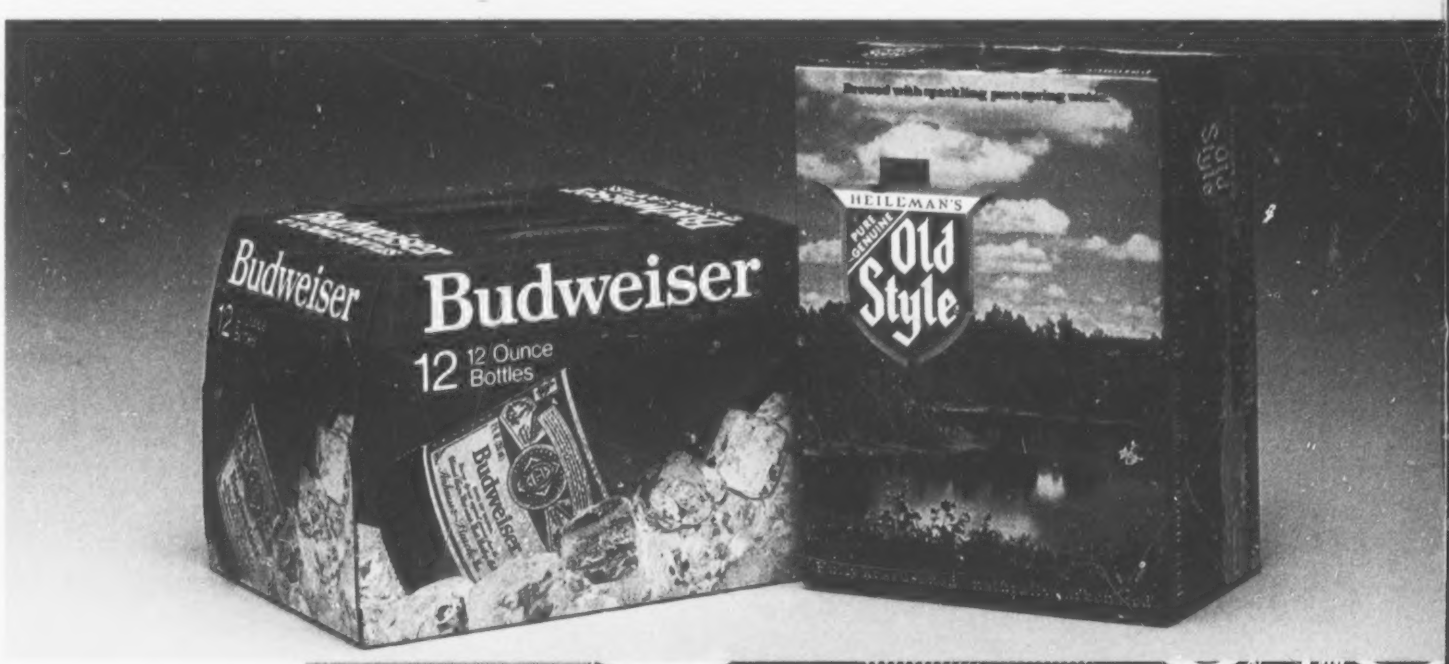
In the pricing area, Anheuser-Busch announced increases of between 6% and 7%, effective November 1, 1981. At the beginning of '82, it is difficult to find anyone who has followed. Yet, Maxwell expects other brewers to fall into line over the next several months.

Unit increases in the high-priced imported beer brands were up by an estimated 15% in 1981. Nabisco Brands' Moosehead was by far the sales leader in 1980, with a gain of 180% over 1979.

Moosehead racked up sales in 1980 of 5.6 million gallons (2 million in 1979) to take a 4% market share (1.5% in '79).

Heineken maintained its substantial lead in the imported brands with 53.5 million gallons sold in 1980, for a 37.8% share of the market. However, Heineken's market share in 1980 was down 9.5% from the previous year.

Knowledgeable industry sources have predicted that in 1982, total U.S. malt beverage consumption will rise by a modest 2% to 3% over 1981. Imports, they say, should continue to capture a larger share of the total.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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	August '81	Sept '81	% change
Bottles	26,877	26,660	(.8)
Beverage: refillable	308	219	(28.9)
nonrefillable	5,625	4,590	(18.4)
under 10 oz	—	98	—
10.0 to 15.9 oz	1,775	1,505	(15.2)
16.0 to 16.9 oz (includes .5-L)	3,034	2,666	(12.1)
17.0 to 33.9 oz (includes 1-L)	376	321	(14.6)
34.0 oz and over (includes 2-L)	—	—	—
Beer: refillable	45	75	66.7
nonrefillable	9,534	8,658	(9.2)
under 11 oz	1,819	1,672	(8.1)
11.0 to 15.9 oz	7,190	6,432	(10.5)
16.0 and over	525	554	5.5
Liquor:	1,042	1,257	20.6
Under 125 ml (4.23 oz and under)	70	120	71.4
126 to 275 ml (4.24 to 9.3 oz)	235	266	13.2
276 to 500 ml (9.31 to 16.9 oz)	121	152	25.6
501 to 800 ml (16.91 to 27.04 oz)	289	324	12.1
801 to 1000 ml (27.05 to 33.80 oz)	193	239	23.8
1001 ml and over	134	156	16.4
Wine:	678	680	.3
126 to 500 ml (4.24 to 16.9 oz)	98	127	29.6
501 to 800 ml (16.91 to 27.04 oz)	340	296	(13.0)
801 to 1000 ml (27.05 to 33.8 oz)	105	210	100
1001 to 1600 ml (33.81 to 54.08 oz)	96	—	—
Over 1600 ml (over 54.08 oz)	39	47	20.5

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	August '81	Sept. '81	% change
Metal (for spirits, wines)	50,049	81,621	63.1
Plastic (for spirits, wines)	101,212	135,196	33.6
Metal crowns (beer and soft drinks)	21,423	20,977	(2.1)
Soft drink (convenience types)	1,750	1,784	1.9
Soft drink (conventional types)	7,251	7,261	.1
Beer (convenience types)	9,761	9,577	(1.9)
Beer (conventional types)	2,661	2,355	(11.5)
All other metal closures other than crowns	7,175	6,462	(9.9)

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	Sept. '81	October '81	% change
Beer*	14,473,373	14,700,868	1.6
Whiskey	9,341,449	10,002,886	7.1
Brandy	491,994	607,517	23.5
Gin	495,479	699,262	41.1
Rum	89,279	106,297	19.1
Cordials and liqueurs	652,243	868,066	33.1
Others	775,783	1,015,590	31.0
Total	**26,319,600**	**28,000,486**	**6.4**
Sparkling wines	525,805	132,791	(74.7)
Still wines, table	7,621,584	9,407,438	23.4
Still wines, fortified	210,678	337,112	60.0
Vermouth	240,590	209,995	(12.7)

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price Index

(The year 1967 equals 100)

	August '81	Sept. '81	% change
Cola	296.6	295.6	(.3)
Other carbonated soft drinks	138.9	140.3	1.0
Noncarbonated drinks	135.0	134.6	(.3)
Wine	235.5	203.5	(13.6)
Beer and ale	203.2	237.6	16.9

Sweetener data

(Cents per pound, dry basis)

	August '81	Sept. '81	% change
HFCS wholesale prices			
California	20.75	20.21	(2.6)
New York	21.73	19.72	(9.2)
Chicago-West	21.56	19.72	(8.5)
Beet sugar wholesale prices	—	24.76	—
Dextrose wholesale prices			
California	30.01	28.64	(4.6)
New York	28.54	27.17	(4.8)
Chicago-West	28.54	27.17	(4.8)

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	August '81	Sept. '81	% change
Bottles and cans	14,209,501	12,710,387	(10.6)
Barrels and kegs	2,011,303	1,970,445	(2.0)
For export	172,903	199,714	15.5
Other	18,415	19,101	3.7
Total	**16,412,122**	**14,899,647**	**(9.2)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	June '81	July '81	% change
Still wines (bulk)	89,414	152,283	70.3
Still wines (bottled)	31,112,696	29,362,104	(5.6)
Effervescent wines (bulk & bottled)	2,419,011	1,677,034	(30.7)
Total	**33,621,121**	**31,191,421**	**(7.2)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	June '81	July '81	% change
Whiskey	14,551,633	12,810,574	(12.0)
Brandy	1,311,238	1,239,173	(5.5)
Rum	1,580,183	1,698,631	7.5
Gin	3,702,840	3,281,320	(11.4)
Vodka	8,932,890	8,426,356	(5.7)
Cordials and liqueurs	2,830,797	2,530,209	(10.6)
Cocktails and mixed drinks	775,337	733,591	(5.4)
Total	**33,684,918**	**30,719,854**	**(8.8)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	July '81	August '81	% change
Plastic bottles (blow-molded)	1,291,595	1,254,117	(2.9)
Carbonated beverages*	226,544	208,528	(8.0)

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Department of Commerce
Bureau of the Census

Copyright: Beverage Industry
February 5, 1982

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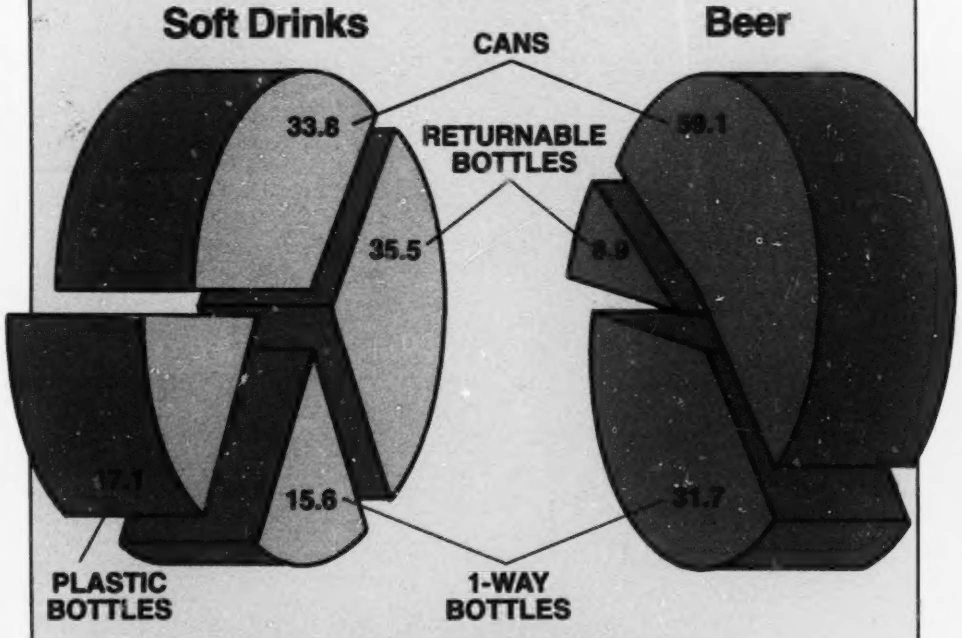
1981 Package Mix

Estimated %



Source: Prescott, Ball & Turben

Copyright: Beverage Industry
February 19, 1982

Plastic share up; beer eyes PET for family-size bottle

By John Norton
Midwest editor

SPECIAL REPORT — With an estimated 17% share of packaged soft drink volume and with reports that beer will shortly be packaged in PET, plastics have moved out of the level of infant intruder and up to the ranks of aggressive innovator.

Even its most severe critics — and conscientious com-

(Continued on page 14)

Major diversification

Coke buys Columbia in $900 million deal

By Paul E. Mullins
Editor

SPECIAL REPORT — The ink was barely dry on the preliminary papers when the reaction of Wall Street started. Duly reported in the business and popular press, none of the analysts had anything good to say about Coca-Cola's planned acquisition of Columbia Pictures.

To a man, they panned the deal as being too much of a drain on Coke's earnings.

Initially, bottler reaction was favorable. But as the bad notices continued to be churned out, even that changed.

Coke officials — who in recent months have been much more open about their plans and operations — could not do much to dispell the projections of the analysts. (Once the deal was announced, the firm is legally prohibited from making certain types of comments.)

At the root of the analysts' comments was the high price which Coke reportedly was paying for the firm. As the story developed and details of the Outlet acquisition also became available, the price began to escalate. One analyst told **Beverage Industry** that the price could even reach the $1 billion level.

In addition to their objec-

(Continued on page 20)

BI Week

• PET for liquor getting closer as result of ATF announced plan to prepare an environmental assessment on impact of the containers. Although ATF refuses to divulge which distiller requested the clearance for PET, leading industry sources have told *BI* that Brown-Forman is the petitioner. Should approval be forthcoming, expect B-F to use PET for its low-priced white brands. (For a rundown of liquor sales in '81, see page 4.)

• Although Coke made the big news in acquisition, rumors are also circulating through Wall St. that Pepsi

(Continued on page 55)

A-B Miller report 8% '81 barrel gains

MILWAUKEE, ST. LOUIS — The nation's two largest breweries, Anheuser-Busch and Miller, have each announced sales increases in excess of 8% in 1981. Their combined barrelages, for the first time, account for more than half of total industry sales.

A-B sold 54.5 million barrels, 8.6% more than in 1980. The combined marketshare of all the firm's products accounts for 29.5% of total industry sales, a statement from the firm disclosed.

Miller's sales were up 8.1% in '81 and totaled 40.3 million barrels. According to the firm, Miller's brands now make up 22% of total sales.

Significantly, both firms are growing at a rate roughly

(Continued on page 32)

French firm acquires Hinckley & Schmitt

CHICAGO — Anjou International Co. (AIC), a wholly owned subsidiary of Compagnie Generale des Eaux (CGE) located in Paris, France, has acquired Hinckley & Schmitt Water Co., located here, in a cash transaction of between $12 million-$15 million.

AIC, with offices in Pittsburgh, PA, now owns, with the Hinckley & Schmitt acquisition, five companies in the U.S., with approximate sales of $160 million a year. Anjour's involvement is primarily in water treatment/systems, bottled water and energy services. The parent company, CGE, is a publicly owned French utility company supplying a range of municipal and industrial services in water and energy.

Hinckley & Schmitt reports that the acquisition by AIC will provide the funds to increase consumer awareness of its products and to continue to make improvements and discoveries in bottled water. The company also reports the acquisition will allow the purchasing of properties in Las Vegas, Arizona and Florida.

"We presently control

(Continued on page 20)

BI Package of the Week

Chocolate Soldier
CHOCOLATE FLAVORED DRINK
chocolate soldier

Chocolate Soldier gets a facelift, page 7.

Contents

Columbia Pictures bought by Coke

In a move that shocked financial analysts, Coca-Cola purchased Columbia Pictures for $900 million. **Beverage Industry** examines the pros and cons of the planned acquisition and reports on bottlers' reactions to the move. See **page 1.**

Plastics still growing in '81

With the help of industry experts, **Beverage Industry's** midwest editor examines primary packaging for beer and soft drinks in 1981. With a reported 17% of the soft drink volume, plastics are rapidly grabbing their share of the market. For a further breakdown of 81's packaging mix, see **page 1.**

Liquor sales up by scant .4% in '81

According to John Maxwell, **BI's** director of research statistics, liquor experienced relatively flat growth in '81. Consumer movement away from alcoholic drinks, higher prices and lack of overall industry promos appear to be key factors. For charts and details, see **page 4.**

Paper Bottle comes to NY

Ocean Spray recently announced the introduction of its expanded Paper Bottle line of juices and drinks to the New York area. The marketing cooperative also announced that Red Cheek Apple Juice would soon be available in the Paper Bottle aseptic package. For a full report, see **page 24.**

Waterford Irish Cream goes nat'l

After extensive packaging research conducted by Oxtoby-Smith, Buckingham rolled out its latest import, Waterford Irish Cream Liqueur, in East Coast markets. The brand was met with startling success and Buckingham hopes the reception will be the same for its national debut, currently underway. For details, see **page 33.**

Pepsi shipments up 6% in '81

In remarks made at the recent Lehman Brothers Kuhn Loeb Beverage Seminar in New York, Pepsi Cola's president reported on the effects of Pepsi's marketing strategies. For details, see **page 35.**

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Packaging

(Continued from page 1)

petitors — are beginning to realize the once puerile industry is making quantum leaps in every packaging facet from bottles to closures.

According to *Beverage Industry* sources, the beverage industry in 1982 can expect to see:

- At least one and possibly two new plastic packages for beer. One will be for draft, modeled on the recently introduced PVC "pump" models being offered for a growing number of brands. *(See **Beverage Industry**, June 12, page 1.)* In development is a new colored, coated container which will reportedly be tested with a plastic closure.
- PVDC-coated .5 L containers for soft drinks will be introduced. Along with further lightweighting to reduce resin costs, the new container will also offer improved shelf life.
- Widescale tests of at least four plastic closures will take place during the year, one reportedly will involve a new unit with a mechanical pilferproofing ring.

These innovations are taking place in a competitive arena as hot as any ever conceived in packaging.

Armed with a new set of figures which show their packages are the most economical and profitable of the lot, the Can Manufacturers Institute has recently launched a major campaign to maintain market share.

Glass Packaging Institute has amassed staggering — and still growing — consumer test results which show a preference for soft drinks packaged in glass. Already used as the foundation for the group's controversal television campaign (see Beverage Industry, page one), GPI will continue to batter away at the emerging PET single service challenger.

Meanwhile individual glass bottle makers have put major emphasis on new prelabeled containers which have made it possible for glass to be even more price competitive.

In spite of this, Arthur Stupay, packaging analyst and general manager of the brokerage firm Prescott, Ball & Turben, predicts that by 1985 an estimated 21.1% of total soft drink volume will be in PET packaging. Considering the time frame plastics have worked in the industry this figure seems fantastic, yet Stupay calls his figure conservative.

Andy Wolf, project manager for the beverage bottle division of Hoover Universal, Inc., looks to the future with expected growth for plastics. "I see a continued erosion of both glass and cans by plastics. We expect to see the 2-L sustain healthy growth, slowing only slightly over the next few years. If the 2-L is going to grow faster than gallonage that means its going to take a share from 16 oz. and cans. From our perspective, the growth has been from 10-15%. It's rare to find a bottler who is not into plastics, at least the 2-L," said Wolf.

Hoover as yet has not started manufacturing of .5-L because of problems which plague this container. Obstacles such as shelf life, raw material prices and line speeds have kept the .5-L from becoming a viable contender in packaging. Stupay feels, that even with these

(Continued on page 16)

Here's the Conveyor Cover they're all talking about.

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Packaging

(Continued from page 14)

hurdles to be conquered, .5-L in 1982 will grow at the expense of both non-returnable glass and returnables.

As is the case with most American businesses, when a problem is identified the solution begins to gleam on the horizon. The beverage industry is no different with respect to the .5-L container.

The Van Dorn Machinery Co. introduced a continuous intrusion blow unit, model CIB-24, utilizing a single stage process. The machine eliminates the extra step of cooling the preform to room temperature and reheating to blowing temperature. The company reports their unit will produce .5-L PET quickly and inexpensively.

Cincinnati Milacron Plastic Machinery Div. offers its solution to .5-L problems in the form of a reheat blow molding machine, the RHB-VII (see BI Aug 7, pg 14). The machine is able to produce .5-L bottles at a rate of 8,100 bph. Consisting of three lanes with nine blowing cavities, the unit is equipped with a Cincinnati Milacron PC-III programmable control with Error Status Indicator System.

Dick Fredricson, product manager of bottle machinery for Cincinnati Milacron, foresees the growth of .5-L in commenting, "The PET bottle manufacturers has undergone a softening of their market. Many see the .5-L as the first major thrust in a new application to enlarge their base of operations."

beer in plastic

Plastics have even begun to make subtle inroads to the glass dominated beer and wine industries. Fredricson said, "Restriction of PET into the beer and wine industries is due primarily to a barrier problem-permeation of oxygen into the container. There are some potential short range solutions to the problem in the form of a coating with PVDC. The long range answer will be PET resins with better barrier properties."

The most formidable challenger to plastics in primary beverage packaging is glass. Though a strong force in the industry, one beverage executive in commenting on glasses answer to plastics growth and innovation said, "Glass has been around for the last 5,000 years — how many times can you reinvent the wheel?"

Bob Kay, vp-sales for Glenshaw Glass, said, "The prelabeled 10 and 16 oz. package is where we've seen growth in the glass industry. This area seems to be where the excitement is at present." Kay noted many problems facing the glass industry such as markets with restrictive legislation not offering the buyer a choice.

Kay stated, "I have seen many who have lost their market share to plastics. With the engineers and technicians today plastic may break into the beer market down the road. I think the only thing that has kept us competitive is the tremendous strides the glass industry has made in cutting energy costs."

An executive with Glass Containers Corp. sees the ability to view his market as a glass — either half full or half empty. "I'm looking to the half full version. I feel a quality product with consumer preference will withstand any challenges, each day you see new product introductions that reinforce that all the time. I think all the other challenges and problems are well documented."

Doug Vanderhorst, market analyst for Brockway Glass, stated, "I can't picture a whole lot happening in glass right now, with plastic you have different resins. A part from Plasti-Shield, I can't forsee anything new with the ability to show market dominance. Cans are falling but they have programs that will keep them price competitive, this is especially true in the beer market."

Faced with the same challenges from plastics as glass, cans have kept a respectable market strength in the beverage field. Yet the pinch of competition has motivated many firms to explore markets for the aluminum can in products such as wine, iced tea, lemonade, water, single strength juices and other food products.

The Reynolds Metal Co. stated that the growth curve of the aluminum beverage can has been phenomenal.

(Continued on page 19)

Soft drink package mix

	Cans		1-way bottles		Ret. bottles		Plastic bottles		Total		% change from previous year
	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	
1979 actual	25.7	37.6	10.8	15.5	23.3	34.0	8.8	12.9	68.4	100.0	
1980 actual	25.7	36.1	10.7	15.0	23.6	33.3	11.1	15.6	71.1	100.0	3.9
1981 estimated	25.0	33.8	11.5	15.6	24.8	33.5	12.6	17.1	73.9	100.0	4.0
1982 projected	26.0	33.8	12.0	15.6	24.2	31.5	14.7	19.1	76.9	100.0	4.0
1983 projected	27.3	34.0	12.2	15.2	25.0	31.0	15.9	19.8	80.4	100.0	4.5
1984 projected	29.0	34.5	12.8	15.2	25.0	29.8	17.2	20.5	84.0	100.0	4.5
1985 projected	30.7	35.0	13.6	15.5	25.0	28.4	18.5	21.1	87.8	100.0	4.5

Copyright: Beverage Industry and Arthur Shapey

Beer package mix

	Cans		1-way bottles		Ret. bottles		Plastic bottles		Total	
	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market
1979 actual	28.7	58.3	15.9	32.4	4.6	9.3	NA	—	49.2	100.0
1980 actual	29.5	58.5	16.4	32.5	4.5	9.0	NA	—	50.4	100.0
1981 estimated	30.7	59.4	16.4	31.7	4.6	8.9	NA	—	51.7	100.0
1982 projected	31.8	60.0	16.8	31.7	4.4	8.3	NA	—	53.0	100.0
1983 projected	32.9	60.2	17.3	31.7	4.4	8.1	NA	—	54.6	100.0
1984 projected	33.9	60.3	17.3	30.8	4.3	7.7	.7	1.2	56.2	100.0
1985 projected	35.0	60.4	17.2	29.8	4.3	7.4	1.4	2.4	58.0	100.0

Plastic soft drink bottles

	1979		1980		1981		1982		1983		1984		1985	
	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.
2-L	1.5	8.3	1.9	10.6	2.1	11.8	2.3	12.9	2.4	13.4	2.5	14.0	2.6	14.6
1-L	.2	.5	.2	.5	.3	.8	.4	1.1	.4	1.1	.4	1.1	.4	1.1
.5-L	-	-	-	-	-	-	.5	.7	1.0	1.4	1.5	2.1	2.0	2.8
Total		8.8		11.1		12.6		14.7		15.9		17.2		18.5

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Packaging

(Continued from page 16)

With total beverage can market penetration at a reported 75%, the company says it is now looking at other areas for growth. The Can Division in 1980 introduced new liquid nitrogen injection technology to make the aluminum can a superior package for a wider variety of products.

Technology has afforded many can manufacturers the ability to keep price competitive. Changes in feedstock metal, bottom geometry and top design (multiple necking) have reduced the can's weight and enhanced its competitive position.

Reynolds views the future of can manufacturing in further technological advancements. A resealable end, case dispensers, .5-L can and further weight reductions are the goals now being worked on to keep cans a viable force in primary beverage packaging.

Plastics are finding a new market in the area of closures. Industry executives and new closure introductions are pointing to the potential boon plastics can offer in this market. Hank Waxman, manager of marketing communications-closure division for Alcoa Closure Systems, said, "I see a very large push towards plastic closures. The reason the suppliers are looking into plastic closures is the perceived customer preference. I feel plastic closures have a lot of potential but the question is developing one that is relatively easily applied and is safe." Waxman noted that there are a lot of potential introductions in closures, "the limits of innovation and creativity have not been reached as yet in the industry."

One new prethreaded, lined plastic closure has been introduced by Ethyl Molded Products (see BI Nov 6, pg 1). The closure is molded on Ethyl proprietary equipment from polypropylene. The liner is held in place by retentive characteristics of the plastic and is free spinning.

Though plastic closures may have many critics, keep in mind these are only the beginnings of an area uncharted by plastics.

aseptic packaging

To add to the already heated competition of primary packaging, another entrant has shown itself to be considered a viable contender-aseptic flexible packaging. The asceptic packaging process consists of the destruction of all bacteria in the product, the sterilization of the package and, after cooling, filling in a totally germ-free environment.

This nation has encountered this type of packaging from two international companies: Tetra Pak in Sweden, of which Brik Pak, Inc., of Dallas, TX, is a subsidiary; and PKL in West Germany represented by Blockpak, Inc. of Toronto, Canada.

Rita Simpson, manager of public relations for Brik Pak, felt that with time aseptic packaging could reach the popularity it enjoys in Europe and the Far East. "After our initial test markets are completed we hope to see steady growth but I think even we, over this past year, have seen a tremendous increase of interest and commitment. In November we had at least forty machines in the market. We forsee an increase as our customers continue to do better in the marketplace," said Simpson.

The Coca-Cola Co., Foods Division, has begun to test Hi-C in aseptic packaging. The 250 ml Brik Pak package is currently being tested in the Pittsburgh and Cleveland markets. Larry Glover, brand development manager for Coca-Cola Co., Foods Division, said, "We are continuing to read the tests at this time but initially our results have been very good." Glover sees success from asceptic packaging in terms of stacking, shelving, distribution and transportation. "Both the retailer and consumer will be able to take advantage of many aspects of asceptic packaging," said Glover.

Ocean Spray is expanding its Brik Pack flavors. (See page 24).

Boise Cascade's Composite Can Division has recently introduced an asceptic composite can system for the single-strength, ready-to-drink juice and fruit drink market. The company reports that the hot-air sterilizing system permits the use of a special composite container that yields better flavor with economical packaging cost. Boise Cascade has become the sole marketing representative for Dole hot-air asceptic canning systems used in the packaging process.

International Paper is also aggressively pushing its asceptic package and will open a production facility for juice drink customers this year. Also new is a Continental system and Liqui Pak unit for producing and filling these flexible containers.

Though plastics have made dynamic moves in the area of primary packages, new entries such as asceptic containers and the long-standing power of the glass and can manufacturers will prove there to be no easy road in achieving market dominance in beverage packaging.

Continental to collect PET bottles for recycling

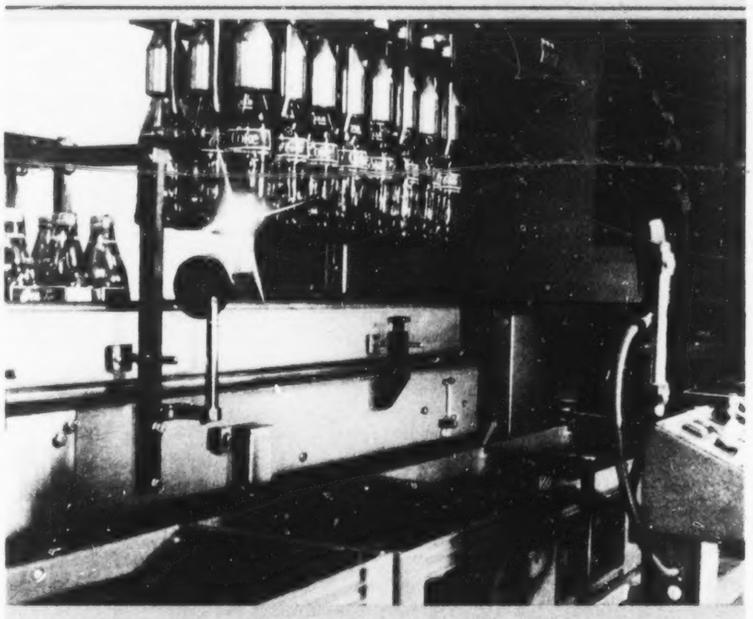
CHICAGO, IL — Continental Resource Recovery, a unit of Continental Group, announced that it will begin collecting used plastic beverage bottles through its network of 350 independent affiliated recycling centers in 28 states nationwide.

The bottles to be collected are standard PET soft drink bottles, which are manufactured by Continental and other companies.

Continental Resource Recovery (CRR) will purchase the bottles from its recycling centers, and then sell the crushed and baled bottles to plastic processors. The collected PET bottles can be recycled into products such as fiber fill, industrial strapping and unsaturated polyester used in the production of fiberglass.

"We believe this is a necessary and appropriate addition to our resource and conservation activities," said David Smith, general manager of CRR. Smith added that CRR has been collecting aluminum cans through these centers for 2½ years. "With the success of the 1- and 2-L PET bottles, and the present expansion of Continental Group and others in the industry into .5-L PET containers," Smith continued, "we want to accelerate and encourage the recovery of this reusable resource through our recycling network."

• For more information on **Continental Resource Recovery,** circle no. 535 on reader service card.



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FEBRUARY 19,1982

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY

PUBLISHED EVERY OTHER FRIDAY

Liquor industry growth nearly flat for 1981

EXCLUSIVE — Consumer movement away from alcoholic drinks, higher prices in a poor economy and lack of overall industry promotions of its brands has led to another year of relatively flat growth in the liquor industry.

Year end figures will show an increase of .4%, according to John C. Maxwell, **BI**'s director of market research and statistics. The only real growth during the year was in white goods and the brandy-liqueur-cordial group with nonwhiskey volume up some 3%. The whiskey area was off almost 2.5%. (U.S. bottled Canadian was the exception here, up 2.5%.)

Vodka — the single largest category in the white goods area — had some growth problems. '81 estimated volume of 31.8 million cases, was up 2.1%. Rum, one of the fastest growers in recent years, showed a comeback from its '80 decline of 3.2% and had total volume of 12.5 million cases, up 10.3%.

According to Maxwell, the slower growth rate of vodka indicates that some consumers are turning away from this alcoholic beverage to white wines, the fastest growing segment in the wine industry.

Tequila, although a small portion of the nonwhiskey market, with 2.9 million cases was up 7.8%. Prepared cocktails continued to decline, down 7.5% to 3.6 million cases.

Brandy sales continued to set healthy growth rates and contradict the perceived move to lighter drinks. Sales of 7.1 million cases were up 6.8% in '81. Liqueurs and cordials are selling at a 14

(Continued on page 20)

Apparent consumption of distilled spirits by class and type

(Million mixed cases)

	1979	1980	Change	1981E	Change
Bond	1.06	1.01	(4.7)%	0.90	(10.9)%
Straight	22.63	22.18	(2.0)	21.60	(2.6)
Total bourbon	**23.69**	**23.19**	**(2.1)**	**22.50**	**(3.0)**
Blended	15.58	14.79	(5.1)	13.80	(6.7)
100% Light	0.22	0.23	4.5	0.20	(13.0)
Total domestic whiskey	**39.48**	**38.21**	**(3.2)**	**36.50**	**(4.5)**
U.S.-Bottled Canadian	11.80	12.40	5.1	12.70	2.4
Foreign-Bottled Canadian	8.32	8.73	4.9	8.70	(0.3)
Total Canadian	**20.12**	**21.13**	**5.0**	**21.40**	**1.3**
U.S.-Bottled scotch	7.76	7.88	1.5	7.80	(1.0)
Foreign-Bottled scotch	14.70	13.22	(10.1)	12.70	(3.9)
Total scotch	**22.46**	**21.10**	**(6.1)**	**20.50**	**(2.8)**
Irish	0.29	0.27	(6.9)	0.28	3.7
Total imported whiskey	**42.91**	**42.50**	**(1.0)**	**42.18**	**(0.8)**
Total all whiskey	**82.39**	**80.71**	**(2.0)**	**78.68**	**(2.5)**
Gin	15.44	15.51	0.5	15.60	0.6
Vodka	30.21	31.15	3.1	31.80	2.1
Rum	11.71	11.33	(3.2)	12.50	10.3
Brandy	6.54	6.65	1.7	7.10	6.8
Liqueurs/cordials	13.02	13.54	4.0	14.00	3.4
Tequila	2.48	2.69	8.5	2.90	7.8
Prepared cocktails	4.13	3.89	(5.8)	3.60	(7.5)
Total nonwhiskey	**83.64**	**84.76**	**1.3**	**87.50**	**3.2**
Grand total distilled spirits	**166.03**	**165.47**	**(0.3)%**	**166.18**	**0.4%**

Source: Lehman Brothers Kuhn Loeb Research

Copyright: John Maxwell Beverage Industry
February 19, 1982

IP develops H2O resistant corrugated case

NEW YORK — For soft drink bottlers currently receiving 2-L PET in bulk and for bottle manufacturers, a new one-piece case can help reduce down-time, improve stacking and increase handling efficiency.

Offered by International Paper, headquartered here, the case is called the UniCell. It's constructed of moisture resistant corrugated that is combined with a special nonwicking linerboard and medium with wet-strength adhesive.

Developed specifically for the beverage industry it has strong sidewall integrity and 2600 lb. top-to-bottom compression strength.

Because inserts or h-dividers are not required downtime can be reduced considerably. "These dividers account for more than 50% of downtime from jams in packaging machinery, IP's J. Zawacke, manager of market development told **BI** recently.

IP's moisture resistance corrugated case for 2-L PETs.

UniCell cases can be erected on IP Caseform 151 equipment at speeds as high as 50 cases per minute. Containers to hold either six or eight bottles are available.

Because the containers have the ability to shed (rather than absorb) bottlers could save additional amounts by reducing temperatures in warmers.

(Continued on page 7)

Matt Brewery expands 'Beerball' distribution

UTICA, NY — F. X. Matt Brewing Co., located here, says it is testing a new market, northern Ohio, for its draft beer-dispensing "Beerball" container. The company says it has sold half-a-million Beerballs in the northeastern United States since the introduction of the container in 1977.

The Beerball is similar to Pittsburg Brewing Co's. "The Pumper" and Olympia Brewing Co.'s "Kegger 82." Other brewers are also involved. All the containers are no-deposit high-density polyethylene draft beer containers, packaged in a paperboard carton.

Matt's Beerball, which holds 2.25 cases, sells for around $17 retail. The pump, made by Johnson Enterprises, Rockford, IL, is sold "basically at cost" for under $8, according to Bob Kelly, F. X. Matt Brewing Co. sales manager.

Matt's distribution of its Beerball began in central New York State; distribution has since spread to all of that state (excluding New York City), Vermont, Massachusetts, Connecticut, New Hampshire, New Jersey and Pennsylvania.

Eastern Molding Industries (EMI), Batavia, NY, makes the HDPE Beerball. The carton, in which ice can be kept around the ball for 48 hours, is produced by Mohawk Container, Utica, NY.

Kelly said his company experimented with distribution

(Continued on page 6)

Trubor Mfg. merges with Van Dorn

CLEVELAND, OH — Van Dorn Co., based here, a leading manufacturer of plastic injection molding machines, recently announced that Trubor Mfg. Co., West Bolyston, MA, has merged with Van Dorn and is now known as Trubor Co., a division of Van Dorn.

Lawrence C. Jones, Van Dorn chairman and president, said the injection molding machines made by Trubor, with capacities from 20 to 125 tons of hydraulic clamping force, complement the Van Dorn line, which includes machines with clamping pressures from 75 to 1,000 tons. The merger with Trubor broadens Van Dorn's participation in the plastic injection molding machinery market.

Trubor, which makes hydraulic clamp type plastic injection molding machines, was founded in 1958 by its president and principal owner, George J. Degon. The firm recently moved into a new 35,000-sq. ft. facility in July, after outgrowing plants in Worchester, MA. Samuel H. Smith, Jr., president of Van Dorn, noted, "George

(Continued on page 20)

Coke/Columbia

(Continued from page 1)

tions about the price, many of the analysts gave opinions that the two firms are not compatible.

On Wall Street, Coca-Cola is perceived as a conservative company, tightly controlled and predictable. The surprise acquisition into such a speculative field, they felt, was not in character.

One bottler (who incidently objected to the acquisition for specific reasons, see below) chuckled over the comments reported in a nationally-circulated business newspaper.

"Those guys don't know Ike Herbert, Sam Ayoub and Don Keough like I do," he said.

a gambler?

Despite its conservative Wall Street image, Coca-Cola has often taken risks. The firm has franchises in countries where double-digit inflation is a daily occurrence and where the political climate changes just about as frequently. Indeed, the "barter system" it operates with most of the Soviet Bloc countries can be a very risky business.

One analyst from the entertainment field wonders about how Coke's management would deal with the entreprenural types who produce films. His lack of knowledge may be understandable, but the soft drink business was built by just such executives. Coke has a background of working with these kinds of people second to none.

If the numbers are what the analysts say they are, the purchase price will truly play havoc with shareholder earnings in the short term. (Keep in mind that accounting procedures for the motion picture business are different. Columbia may have contracts and future income which have not been reflected in current fiscal reports.)

However, the analysts views should be tempered somewhat by Coke's past track record. For example the company will probably not receive a return on its considerable investment in China for 10 or 20 years.

As for Coke's lack of management experience in running a motion picture firm, that, too, can be debunked. One of the major growth areas of today and for the future is the home entertainment field (Columbia currently has three out of the top four best-selling video cassettes for home viewing).

Coca-Cola has amassed a data bank of demographic information on leisure activities and at-home entertainment over the years. This information should be very valuable as Columbia continues to develop its home video business.

Bottler reaction to the acquisition varied and changed as the story broke. One longtime friend — when informed that this writer was on the phone — answered by singing "Hooray for Hollywood."

Enthusiastic about the deal, he felt that the diversification would take a lot of the pressure off the soft drink business. "If Columbia continues to be as successful as I hear it is, the acquisition should contribute greatly to the corporate coffers."

A midwest bottler was slightly pleased. "As long as they don't neglect the mother lode, I'm not going to get too upset."

As the "escalating price" stories got out, however, the tune began to get a little less sympathetic.

Some random comments:

"At least we know now where our concentrate price increase is going."

I sold my stock in the parent company when they changed the contract. Now I'm glad I did."

If they think the bottlers are going to stand by and watch our marketing funds funneled into the movie business, they'd better think again."

And from a southern contact: "I've been in the Coca-Cola business all my life and I guess we go with them whether they're right or wrong ... I just hope ol' Roberto knows what he's doing on this one."

H&S

(Continued from page 1)

about 75% of the Midwest bottled water market, with our three bottling plants and numerous distribution centers," said George Schmitt, president. "The sale will enable H&S to expand into new markets and to diversify further into new water related products and services."

Schmitt stated that there will be no major changes in marketing, management, advertising or services." Hinckley & Schmitt will continue with the philosophy started by my grandfather, that bottled water tastes better, and it is our goal to let our customers know we offer a better tasting alternative to tap water," concluded Schmitt.

Schmitt will continue to head the operation and the name will remain the same. The company will continue to sell pure drinking water, nursery and distilled water, in addition to natural spring water.

Liquor sales

(Continued from page 4)

million case clip and were up 3.4%.

top 10 brands

Three of the top five brands had volume declines, but retained their position in sales. However only about 550,000 cases separate number five, Jim Beam, from fast-growing Jack Daniels.

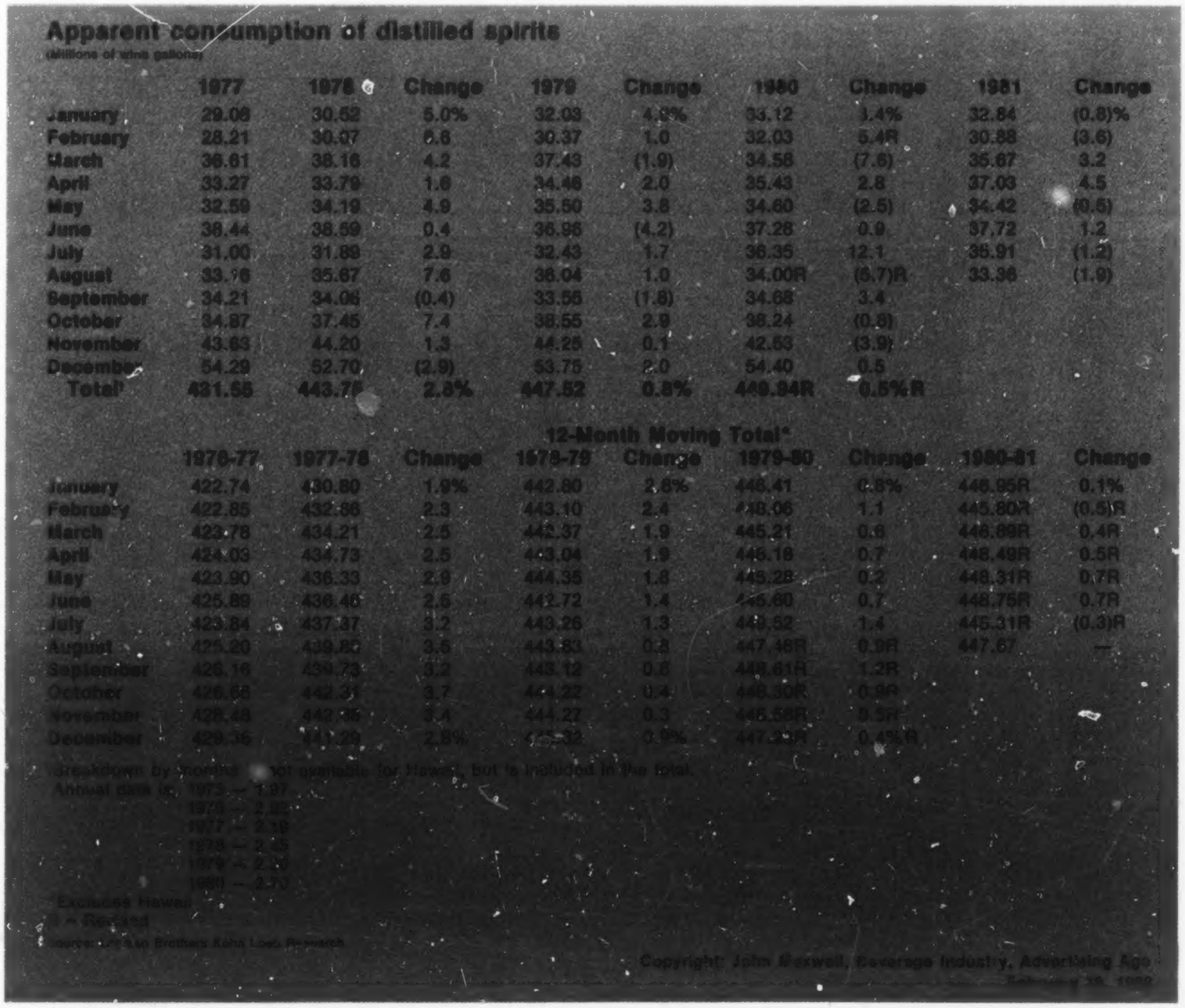
Jack Daniels, a product of Brown-Forman, has bucked the trend in brown goods. 1981 sales of 3.1 million cases is a 24% increase by far the largest of any major brand. In 1972, the product had sales of only 700,000 cases.

Popov, Heublein's popular priced vodka, had a sales decline of 10.4% and dropped from number seven spot to number five. Canadian Mist, another Brown-Forman product, had a 6.6% sales hike to 2,581,000 cases and moved from number 13 to number 10.

Gordon's gin dropped from 2% and ended up in spot number 12 down from nine in 1980.

Bacardi rum is the number one product and with a 3.1% increase to 6.5 million cases increased its lead over Smirnoff vodka, number two.

(Continued on page 22)



Apparent consumption of distilled spirits

(Millions of wine gallons)

	1977	1978	Change	1979	Change	1980	Change	1981	Change
January	29.08	30.52	5.0%	32.03	4.9%	33.12	3.4%	32.84	(0.8)%
February	28.21	30.07	6.6	30.37	1.0	32.03	5.4R	30.88	(3.6)
March	36.61	38.16	4.2	37.43	(1.9)	34.58	(7.6)	35.67	3.2
April	33.27	33.79	1.6	34.46	2.0	35.43	2.8	37.03	4.5
May	32.59	34.19	4.9	35.50	3.8	34.60	(2.5)	34.42	(0.5)
June	38.44	38.59	0.4	36.96	(4.2)	37.28	0.9	37.72	1.2
July	31.00	31.89	2.9	32.43	1.7	36.35	12.1	35.91	(1.2)
August	33.16	35.67	7.6	36.04	1.0	34.00R	(5.7)R	33.36	(1.9)
September	34.21	34.06	(0.4)	33.55	(1.8)	34.68	3.4		
October	34.87	37.45	7.4	38.55	2.9	38.24	(0.8)		
November	43.63	44.20	1.3	44.25	0.1	42.53	(3.9)		
December	54.29	52.70	(2.9)	53.75	2.0	54.40	0.5		
Total¹	431.55	443.76	2.8%	447.52	0.8%	449.94R	0.5%R		

12-Month Moving Total*

	1976-77	1977-78	Change	1978-79	Change	1979-80	Change	1980-81	Change
January	422.74	430.80	1.9%	442.80	2.8%	446.41	0.8%	446.95R	0.1%
February	422.85	432.86	2.3	443.10	2.4	448.06	1.1	445.80R	(0.5)R
March	423.78	434.21	2.5	442.37	1.9	445.21	0.6	446.89R	0.4R
April	424.03	434.73	2.5	443.04	1.9	446.18	0.7	448.49R	0.5R
May	423.90	436.33	2.9	444.35	1.8	445.28	0.2	448.31R	0.7R
June	425.89	436.46	2.5	442.72	1.4	445.60	0.7	448.75R	0.7R
July	423.84	437.37	3.2	443.26	1.3	449.52	1.4	448.31R	(0.3)R
August	425.20	439.86	3.5	443.63	0.8	447.46R	0.9R	447.67	—
September	426.16	439.73	3.2	443.12	0.8	448.61R	1.2R		
October	426.68	442.31	3.7	444.22	0.4	448.30R	0.9R		
November	428.48	442.36	3.4	444.27	0.3	446.58R	0.5R		
December	429.36	441.29	2.8%	445.32	0.9%	447.23R	0.4%R		

¹Breakdown by months is not available for Hawaii, but is included in the total.
Annual data is: 1975 — 1.97
1976 — 2.02
1977 — 2.19
1978 — 2.25
1979 — 2.30
1980 — 2.70

*Excludes Hawaii

R = Revised

Source: Lehman Brothers Kuhn Loeb Research

Copyright: John Maxwell, Beverage Industry, Advertising Age
February [illegible]

BMRG reviews wine, beer, and spirits market

ARLINGTON, VA – Beverage Management Resource Group (BMRG) has just completed a report entitled "A Strategic Review and Forecast of the American Wine, Beer and Spirits Markets 1975-1985." BMRG is a beverage industry focused professional research firm serving North American and European beverage producers, distributors and importers, and trade organizations.

The organization predicts that wine shipments will be the most vigorous through 1985. During 1981 they expect wine consumption to reach 489 million gallons, and exceed 600 million gallons by 1985. Annual gains in wine production are projected to average 5.6% through 85'.

The report makes several predictions for trends in the wine industry. Table wines will continue to grow, but at a slower rate, the study says, while sparkling wines will be a large growth category. The report expects imported wines to continue to perform better than California wines because of the better price/value relationship. The current strengths of the U.S. dollar will also help importers, and could harm the efforts of California wine exporters. Also, dessert wines, BMRG feels, are ready for a turnaround.

In the beer market BMRG expects consumption to be weaker, increasing an average of only 2.5% through 1985, beginning with a tentative 1.7% gain during 1981.

The beer forecast anticipates both domestic and imports to decelerate, and accounts for it in several ways. Fewer people entering into beer's prime consumer age target of 18-25 years old, light beer winning back some of the 25-35 year old segment, and the further growth of tables wines and bottled waters as refreshment alternatives will combine to chop at least a full percentage point off growth for domestic products, they feel.

The only disappointing category is expected to be spirits, which will experience zero growth, at best, during 1981. Just to break even, second half figures will have to be better than those of the first half. The average annual volume gain for the period through 1985 is expected to be 1.1%.

Several other predictions were also made by BMRG. Foreseen is the success of beer in boxes with plastic liners, as well as plastic beer bottles. The resurgence of draft beer is expected to continue, partly because of the "boxed beer" package. It may also be helped along by the possibility that several fast-food chains will introduce on-premise beer in large markets before 1985.

Trubor

(Continued from page 4)

Degon has been involved in the manufacture of injection molding machinery for more than 35 years and enjoys an excellent reputation in the industry. We are pleased that he continues as president of Trubor. No changes in Trubor's present staff are contemplated."

Van Dorn had sales of $144 million and a net income of $4.8 million, or $1.66 per share for the nine months ended September 30, '81.

The firm is a major producer of cans and containers for the paint, chemical, food, beverage, and household products industries. Headquartered here, Van Dorn is in its 109th year.

Liquor sales

(Continued from page 20)

Seagram's 7 Crown, down 2.6% is number three. Canadian Club had the sharpest decline (3.9%) of any product in the top five, but retained it's number four position.

Other significant shifts in products with sales of over 1 million cases were: Kahlua, Walker's coffee flavored liqueur, tied with Kamchatka in the number 25 spot in 1980, moved to 18 with a 3.9% gain. Kamchatka – although it had no increase in '81 – moved into position number 20.

Heublein's Black Velvet, up slightly over 2%, also made significant movement, going from 25 to 19.

Among new products and recent introductions, the following changes are significant: Stolichnaya, Pepsi's Russian vodka import moved from 310,000 cases to 450,000; Silhouette, Fleischmann's new vodka seems to be off to a good start, moving from an estimated 200,000 cases in '80 to 300,000 in '81; Beam 8 Star Blend, in its first year of marketing, had sales of 95,000 cases; in '81, its second year, it sold 245,000 cases. E&J Gallo's first years of marketing E&J brandy is also obviously a success. The product had '81 sales of 200,000 cases.

Bailey's Irish Cream Liqueur seems to be an unqualified success. 1981 sales of 625,000 cases is roughly 2.5 times its '80 sales of 250,000 cases.

Also in the import area, Brown-Forman's Martell cognac continues to grow at a healthy pace. The product moved from 108,000 cases to 139,000 in '81.

Among distillers, Maxwell points out that Brown-Forman is unique. It's Jack Daniels is rapidly gaining in the bourbon area and is only some 550,000 cases under the leader, Jim Beam. From '79 to '80, Jack Daniels increased sales by 478,000 cases; from '80 to '81 the sales gain was 514,000 cases. Beam has also been growing, but at a slower rate.

James Beam is also in a unique position. None of the firm's products lost sales in 1981.

Maxwell feels the lack of promotional pricing will continue to plague industry growth. "Increasingly, companies tell us that they are using their liquor divisions as 'cash cows' since they consider the industry somewhat mature. They feel that its cash flow could probably be used better elsewhere," he comments.

Therefore, he predicts, the industry will continue to prune brands, may lower or cease advertising on brands that show little or no long-term promise, and will be aggressive on pricing.

On the "good news front," Maxwell predicts that federal excise taxes will not be increased in the next 12 months. Liquor is already the most overtaxed product in the United States with federal taxes amounting to $10.50 per gallon. However, he warns, states may move to increase taxes soon.

Domestic volume comparisons of brands selling over 1 million cases

Rank				3-Gallon Cases (000)		
1980	1981	Brand	Company	1980	1981E	Change
1	1	Bacardi	Bacardi	6,319	6,515	3.1%
2	2	Smirnoff	Heublein	5,873	5,810	(1.1)
3	3	7 Crown	Seagram	5,080	4,950	(2.6)
4	4	Canadian Club	Walker (GWL)	3,850	3,700	(3.9)
5	5	Jim Beam	James Beam (AB)	3,500	3,680	5.1
10	6	Jack Daniel's	Brown-Forman	2,519	3,123	24.0
6	7	V.O.	Seagram	3,065	3,000	(2.1)
8	8	Windsor Supreme	National	2,785	2,785	—
7	9	Popov	Heublein	3,002	2,691	(10.4)
13	10	Canadian Mist	Brown-Forman	2,421	2,581	6.6
11	11	Seagram's Gin	Seagram	2,520	2,550	1.2
9	12	Gordon's Gin	Gordon/Renfield	2,550	2,500	(2.0)
12	13	J&B Rare	Paddington (PC)	2,500	2,350	(6.0)
14	14	Dewar's	Schenley (RA)	2,115	2,200	4.0
16	15	Gilbey's Gin	National	2,145	2,145	—
15	16	Cutty Sark	Buckingham	1,850	1,700	(8.1)
18	17	Gordon's Vodka	Gordon/Renfield	1,670	1,690	1.2
25	18	Kahlua	Walker (GWL)	1,500	1,640	3.9
26	19	Black Velvet	Heublein	1,594	1,628	2.1
22	20	Gilbey's Vodka	National	1,535	1,600	4.2
25	20	Kamchatka	National	1,600	1,600	—
19	21	Johnnie Walker Red	Somerset (NS)	1,620	1,570	(3.1)
17	22	Ancient Age	Schenley (RA)	1,750	1,550	(8.9)
23	23	Christian Brothers	Fromm & Sichel	1,525	1,525	—
24	24	Beefeater	Kobrand	1,510	1,510	—
21	25	Ten High	Walker (GWL)	1,550	1,500	(3.2)
20	26	Early Times	Brown-Forman	1,546	1,477	(4.5)
27	27	Kessler	Calvert (S)	1,400	1,400	—
28	28	Walker Brandy	Walker (GWL)	1,300	1,350	3.8
31	29	Tanqueray	Somerset (NS)	1,070	1,100	2.8
29	29	Calvert Extra	Calvert (S)	1,160	1,100	(5.2)
33	30	Old Crow	National	970	1,020	5.2
32	31	Southern Comfort	Brown-Forman	1,047	1,017	(2.9)
30	32	Imperial	Walker (GWL)	1,100	1,000	(9.1)
34	33	Wolfschmidt	Seagram	955	1,000	4.7

Key to parent corporations:
(AB) American Brands
(G) Glenmore
(GWL) Gooderham & Worts Ltd.
(NS) Norton Simon
(PC) Paddington/Carillon
(RA) Rapid-American
(S) Seagram
(NB) Nabisco Brands

Source: Lehman Brothers Kuhn Loeb Research

Copyright: John Maxwell, Beverage Industry, Advertising Age
February 19, 1982

Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Sept. '81	October '81	% change
Bottles	26,660	25,970	(2.6)
Beverage: refillable	219	248	13.2
nonrefillable	4,590	4,248	(7.5)
under 10 oz	98	84	(14.3)
10.0 to 15.9 oz	1,505	1,417	(5.8)
16.0 to 16.9 oz (includes .5-L)	2,666	2,404	(9.8)
17.0 to 33.9 oz (includes 1-L)	321	343	6.9
34.0 oz and over (includes 2-L)	—	—	—
Beer: refillable	75	98	30.7
nonrefillable	8,658	8,389	(3.1)
under 11 oz	1,672	1,442	(13.8)
11.0 to 15.9 oz	6,432	6,485	.8
16.0 and over	554	462	(16.6)
Liquor:	1,257	1,369	8.9
Under 125 ml (4.23 oz and under)	120	78	(35.0)
126 to 275 ml (4.24 to 9.3 oz)	266	292	9.8
276 to 500 ml (9.31 to 16.9 oz)	152	207	36.2
501 to 800 ml (16.91 to 27.04	324	347	7.1
801 to 1000 ml (27.05 to 33.80 oz)	239	269	12.6
1001 ml and over	156	176	12.8
Wine:	680	775	14.0
126 to 500 ml (4.24 to 16.9 oz)	127	120	(5.5)
501 to 800 ml (16.91 to 27.04 oz)	296	338	14.2
801 to 1000 ml (27.05 to 33.8 oz)	210	249	18.6
1001 to 1600 ml (33.81 to 54.08 oz)	—	—	—
Over 1600 ml (over 54.08 oz)	47	48	2.1

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	Sept. '81	October '81	% change
Metal (for spirits, wines)	81,621	49,512	(39.3)
Plastic (for spirits, wines)	135,196	110,971	(17.9)
Metal crowns (beer and soft drinks)	20,977	20,832	(.7)
Soft drink (convenience types)	1,784	2,064	15.7
Soft drink (conventional types)	7,261	6,952	(4.3)
Beer (convenience types)	9,577	9,343	(2.4)
Beer (conventional types)	2,355	2,473	5.0
All other metal closures other than crowns	6,462	5,870	(9.2)

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	October '81	November '81	% change
Beer*	14,700,868	11,808,968	(19.7)
Whiskey	10,002,886	9,300,856	(7.0)
Brandy	607,517	516,077	(15.1)
Gin	699,262	535,948	
Rum	106,297	73,918	(30.5)
Cordials and liqueurs	868,066	836,534	(3.6)
Others	1,015,590	1,026,288	1.1
Total	**28,000,486**	**24,098,589**	**(13.9)**
Sparkling wines	132,791	1,698,528	1179.1
Still wines, table	9,407,438	10,110,875	7.5
Still wines, fortified	337,112	403,854	19.8
Vermouth	209,995	297,722	41.8

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price index

(The year 1967 equals 100)

	Sept. '81	October '81	% change
Cola	295.6	297.7	.7
Other carbonated soft drinks	140.3	139.6	(.5)
Noncarbonated drinks	134.6	135.5	.7
Wine	203.5	238.1	17.0
Beer and ale	237.6	203.1	(14.5)

Sweetener data

(Cents per pound, dry basis)

	Sept. '81	October '81	% change
HFCS wholesale prices			
California	20.21	20.21	0
New York	19.72	19.72	0
Chicago-West	19.72	19.72	0
Beet sugar wholesale prices	24.76	25.41	2.6
Dextrose wholesale prices			
California	28.64	28.64	0
New York	27.17	27.17	0
Chicago-West	27.17	27.17	0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Sept. '81	October '81	% change
Bottles and cans	12,710,387	12,047,325	(5.2)
Barrels and kegs	1,970,445	1,797,036	(8.8)
For export	199,714	224,901	12.6
Other	19,101	14,512	(24.0)
Total	**14,899,647**	**14,608,925**	**(2.0)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	July '81	August '81	% change
Still wines (bulk)	152,283	223,930	47.0
Still wines (bottled)	29,362,104	26,432,232	(10.0)
Effervescent wines (bulk & bottled)	1,677,034	2,265,008	35.1
Total	**31,191,421**	**28,921,170**	**(7.3)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	June '81	July '81	% change
Whiskey	14,551,633	12,810,574	(12.0)
Brandy	1,311,238	1,239,173	(5.5)
Rum	1,580,183	1,698,631	7.5
Gin	3,702,840	3,281,320	(11.4)
Vodka	8,932,890	8,426,356	(5.7)
Cordials and liqueurs	2,830,797	2,530,209	(10.6)
Cocktails and mixed drinks	775,337	733,591	(5.4)
Total	**33,684,918**	**30,719,854**	**(8.8)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	August '81	Sept. '81	% change
Plastic bottles (blow-molded)	1,254,117	1,257,480	.3
Carbonated beverages*	208,528	172,213	(17.4)

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Department of Commerce
Bureau of the Census

Copyright: Beverage Industry
February 19, 1982

C5250-2 3/29/82

SOFT DRINK OWDERS ☐ JUICES ☐ SPIRITS MARCH 12, 1982

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MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY
PUBLISHED EVERY OTHER FRIDAY

New results: containers only small portion of litter

WASHINGTON DC — Although backers of the mandatory deposit bill have consistently assigned high percentages to the amount of cans and bottles in litter, a new, independent study released recently by the Institute for Applied Research (IAR) indicates otherwise.

The detailed study reveals that beverage containers — the only items covered under "bottle bill" legislation — represent 11.1% of the nation's urban street litter and 20.3% of rural highway litter. These figures are considerably lower than was first believed.

The new, nationwide litter percentages were developed and published by the California-based IAR. The nationally recognized firm has conducted more than a dozen litter survey's during the past four years.

Bottle bill opponents, armed with the new litter percentages, will undoubtedly take up the argument that even the most successful deposit laws fail to address more than 88% of all urban street litter and close to 80% of rural highway litter.

Instead of bottle bills, deposit opponents have long supported the passage of statewide litter-control/recycling laws now being implemented in California, Ohio, Virginia, Washington, Alaska, Louisiana, Nebraska, South Carolina and Tennessee. These measures, believed by many to be more comprehensive, serve as alternatives to deposit laws. The legislation seeks to attack the litter problem through a program of clean-

(Continued on page 26)

Consumerists decry Reagan food policies

WASHINGTON, DC — The Reagan administration has been taking it on the chin lately from consumer groups over its food safety policies, or lack thereof.

First came a scaring letter from Ralph Nader, charging that under Reagan's reign, there has been a "brand of anti-consumer extremism that would make the people of the Nixon and Ford Administrations blush with shame." He claimed it was

(Continued on page 29)

BI Package of the Week

ICS The Stabilizer
ICS The Stabilizer
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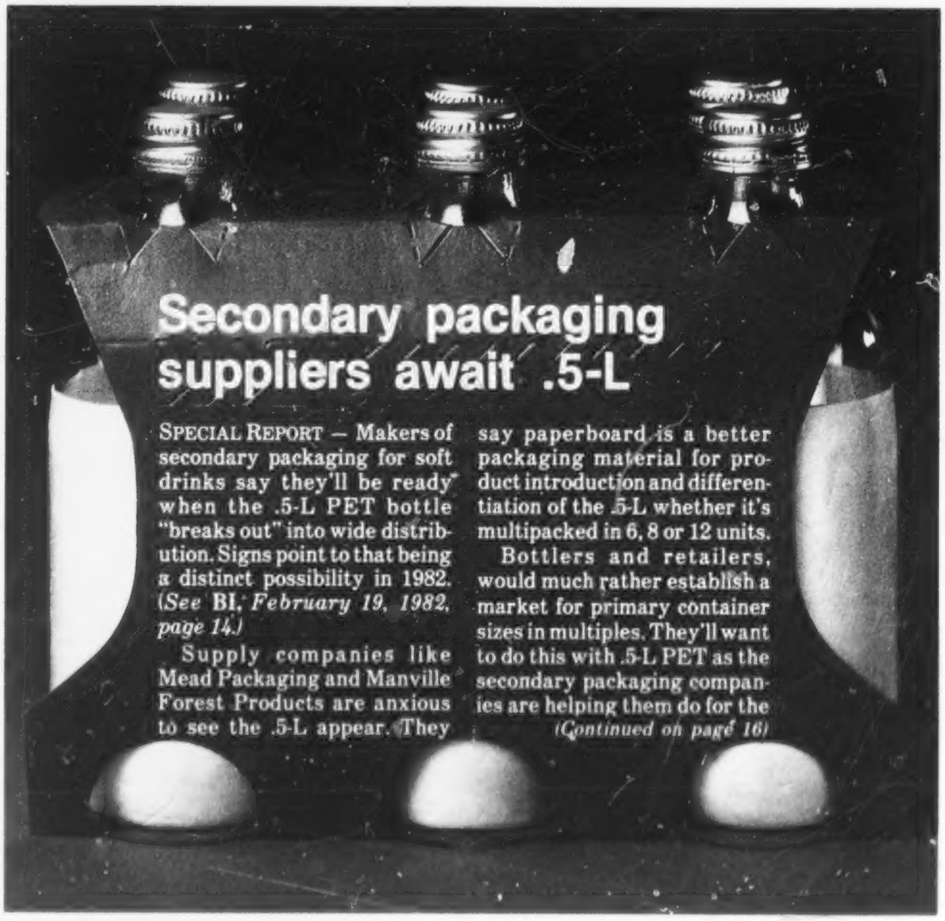
ICS The Stabilizer

ICS debuts "The Stabilizer." P.5



Secondary packaging suppliers await .5-L

SPECIAL REPORT — Makers of secondary packaging for soft drinks say they'll be ready when the .5-L PET bottle "breaks out" into wide distribution. Signs point to that being a distinct possibility in 1982. *(See* BI, *February 19, 1982, page 14.)*

Supply companies like Mead Packaging and Manville Forest Products are anxious to see the .5-L appear. They say paperboard is a better packaging material for product introduction and differentiation of the .5-L whether it's multipacked in 6, 8 or 12 units.

Bottlers and retailers, would much rather establish a market for primary container sizes in multiples. They'll want to do this with .5-L PET as the secondary packaging companies are helping them do for the

(Continued on page 16)

New theme, 'Coke is it!' big hit with bottlers

ATLANTA — Over 2,000 bottler executives, wives and invited guests jammed into the World Congress center located here last month to celebrate the launching of "Coke is it!," the new ad theme for Coca-Cola.

And celebrate they did!

Everyone expressed almost rabid approval of the new theme. Smiles and congratulatory handshakes were the order and all the chief executives of the firm were there to hear bottler comments. At the end of the evening Coca-Cola USA President Brian Dyson commented, "You know, I think they liked it."

His modest remark was an understatement. Earlier in the evening, the combined group had given a standing ovation at the conclusion of remarks by Dyson, Chairman Roberto Goizueta, VP-Marketing Operations Sergio Zyman and John Bergin, president of McCann-Erickson's USA region.

Zyman and Bergin were the two most instrumental in developing and implementing the new theme. Research for the campaign was not completed until mid-December. Then, the two executives put together production crews and went on the road to film eight new spot TV commercials.

Bergin joined McCann from Pepsi-Cola's ad agency and Zyman was formerly a marketing executive with the Purchase-based firm. "Coke is it!" is the first creative effort for this team as well as for Goizueta.

Actual wording of the

(Continued on page 13)

BI Week

LOTS of action on the caffeine-free front:

- **Seven-Up rolls out "Like," its caffeine-free and sugarless cola in five test markets. Madison, WI; San Diego, and Dayton are reportedly included. Meanwhile, the firm has designed new graphics for Seven-Up, incorporating the tagline, "contains no caffeine, never will."**
- **Sunkist will shortly roll out a decaffeinated version of its orange carbonated soft drink.**
- **Pepsi-Cola is testing at least three names for what reportedly will be a caffeine-free, noncaloric cola. The prospective names are: Pepsi Free, Pepsi Gold and Pepsi 2.**
- **Coke officials continue to deny that they are also work-**

(Continued on page 27)

Contents

Packagers ready for .5-L multiples

Secondary packaging suppliers will be ready when the .5-L PET soft drink bottle takes hold in the United States. The companies will come up with their usual assortment of single-service multipack designs for the .5-L, perhaps by redesigning current multipack systems, whether plastic or paperboard. For their comments and **BI** estimates of market share for soft drink and beer secondary packaging materials, see **page 1.**

"Coke is it!" theme draws bottlers' praise

A crowd of over 2000 coke bottlers and their spouses gathered at the World Congress center in Atlanta to celebrate the unveiling of Coke's new ad theme. Bottlers and executives alike had nothing but praise for the new campaign which was made public less than 24 hours after it was shown to bottlers. For an overview, plus photos, see **page 1.**

New Pehrcap plastic closure designed

A new plastic closure, called the Pehrcap, has been patented by Shellvick Industries. A model suitable for carbonated beverages has been developed, and the firm is actively seeking licensees, according to Harold T. Pehr, president of the firm. The cap also has a pilfer-proof retention ring. For more details, see **page 4.**

Midwest bottlers battle the winter weather

Winter has taken its toll on Midwest soft drink bottlers with delivery schedules to meet. The St. Louis Dr Pepper Bottling Co. had a particularly difficult time at the beginning of February. Some shutdowns occurred; delivery vehicles had to be pulled from ditches. For more on this, see **page 6.**

Defeat legislation to tax soft drinks: NSDA

How to defeat proposed state legislation to tax soft drinks was the subject of the recent NSDA State Association Conference in Washington. Attendees heard former congressman Wilbur Mills, Robert Bohan, vice president, governmental affairs of NSDA and William Davis, counsel of Coca-Cola USA, speak on defeating the threat of deposit legislation. See **page 8.**

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SWAN

Packaging

(Continued from page 1)

2-L PET.

In general, sources say, as plastics grow, there will be greater and greater opportunities for paperboard secondary packaging systems that enhance product visibility and offer other advantages such as ease of consumer handling and stackability.

To sell more product, a retailer can temporarily discount individual bottles (of 2-L PET), but then he would be establishing a market for single bottles. It's better, say packaging sources, for the retailer to discount multipacks of 2-L to increase unit sales by establishing a market for the multipacks.

Twin-packs of 2-L bottles are, according to sources, still in the early stages of consumer acceptance. Soon, the marketing focus will shift to making the twin-packs more viable. It's still a forthcoming market, says Mead packaging, which last year introduced its Cluster-Sleeve carrier for 2-L PET. 1982 is an entry and questioning period for the 2-L twin-packs, the company adds.

Hi-Cone has come out with a twin-pack carrier for 2-L bottles consisting of polyethylene film formed into a tube, with an injection-molded polypropylene handle. A prototype piece of equipment to handle the package is reportedly in place in Kansas City.

2-L popularity

A spokesman at Liberty Glass suggests that the growth in popularity of the 2-L PET bottle seems to have plateaued in its market in the eastern United States. Liberty believes that by 1984-85 the size of the market for single service units may be double what it is now.

Mead executives feel that in 1982 the single service sizes (10 and 16 oz. bottles) will grow rapidly, positioning glass against cans. The downward trend in the popularity of cans is said to be the major story of 1981.

Mead says it is concentrating on packaging of soft drink and beer cans in 12 pack multiples with a packaging system called Duo-Dozen. Whether it's cans or bottles, Mead asserts that the best way to increase unit sales is with multiple packaging, and the best material for the job is paperboard.

The company says that paperboard has eroded Contour-Pak dominance in packaging single service bottles (Plasti-Shield) and Mead is preparing programs in 1982 to strengthen paperboard's share.

Market share statistics seem to back Mead up. Between 1980 and 81', Contour-Pak lost about 12% of the market for NR single service packaging, 16 oz. and under: 66% in 1980; 54% in '81. Meantime, paperboard gained 10 percentage points in that market during the same two-year period: 33% in '80; 43% in '81.

visibility of graphics

A source at C.W. Zumbiel said he thought bottlers were doing themselves a disservice by using Contour-Paks because, he said, it's difficult to orient the logos on bottles for optimum brand visibility. Paperboard wraps or basket carriers, he said, are the better bet because they permit large package graphics without adjusting bottles and because they're less expensive than Contour-Pak: about 4 cents less per case.

Consumer complaints concerning Contour-Paks have been circulating, report some paperboard packagers, that bottles are hard to remove from the carriers, they don't stack well and they can interfere with threaded closures causing product venting.

Why then does Contour-Pak enjoy market dominance in single service packaging? Paperboard companies admit that "they jumped in ahead of us and got an edge."

Contour-Pak maker Owens-Illinois says that the polyethylene carriers are best for single-service size multipackages. The carrier fits cosily on top of Plasti-Shield bottles in four, six or eight packs. Under-the-carrier promotional messages are easily visible and don't interfere with bottle graphics.

The carriers also stay strong and dry in wet conditions, are easy for bottlers to apply, are easy for consumers to carry and help reduce inventory cost through standardization, according to O-I.

carriers for cans

The carrier market for soft drinks cans continues to be mainly Hi-Cone. Although, Hi-Cone's share dipped slightly in 1980 to 1981: 66% to 64%.

Sources suggest that the market share for film, in this category, holding steady at 4% in both years, refers to six-packs and a few eight-packs of cans.

Also, paperboard's share (3% in 1980 and 6% in '81) refers to 12-packs of cans, according to a source. Hi-Cone also leads in secondary packaging of beer cans. They have a 68% share in six-packs, down from 73% in 1980. Larger multiples of beer cans are moving up in market share. Twelve-packs of paperboard/corrugated registered a 4 percentage point gain 1980 to '81; and 24-pack multiples edged up one percentage point in the period to 7%.

Paperboard maintains its almost total dominance in the returnable soft drink bottle market, with 92% share in both '80 and '81. Returnables (eight-bottle, 16 oz. packs) are reportedly doing very well in Midwest markets. Single service NRs, on the other hand, appear to be taking over in the rest of the country, according to sources.

Secondary packaging trends

(share of market by percentage)

Soft drinks	1980	1981
Cans		
Hi-Cone	66	64
Loose	27	26
Film	4	4
Paperboard	3	6
NRs[1]		
Contour-Pak	66	54
Plastic clips	1.5	3
Paperboard	33	43
NRs[2]		
Paperboard	1	1
Loose	99	99
Plastics[3]		
Paperboard	5	10
Loose	95	90
Returnables		
Paperboard	92	92
Loose	2	2
Plastic	6	6

Beer	1980	1981
Cans		
Hi-Cone	73	68
12-Pack[4]	21	25
24-Pack[5]	6	7
NRs		
Loose[6]	13	13
6-Pack (basket)	41	40
6-Pack (wrap)	40	40
12-Pack (wrap)	6	7
Returnables		
Loose	90	90
Basket	10	10

[1] Single service; 16 oz. and under

[2] Single service; .5-L and under

[3] Family size; over .5-L

[4] 99% paperboard; 1% corrugated

[5] 10% paperboard; 90% corrugated

[6] Includes quart size bottles

Source: BI estimates

Copyright: Beverage Industry, March 12, 1982

Study on POP beer displays available

NEW YORK — Point-of-Purchase Advertising, Inc., (POPAI) released an independent research study by Product Acceptance and Research, Inc., that found the value of point-of-purchase displays in the brewing industry can be increased by the use of attention getting devices such as motion.

The study, entitled, "Two Studies on the Effectiveness of Static and Motion Displays for the Brewing Industry," was conducted in two phases. The first phase, the market sales test, compared the difference in sales volume between no display and a static display, while measuring the impact of a static display versus a motion display.

The market sales test consisted of displays installed under typical store conditions in 12 liquor stores and 12 supermarkets in California cities with different demographics. Over 62,000 purchases were recorded during a four week period in the fall of 1980. The product tested was Olympia beer in 12 oz. cans in 12 pack cases.

The second phase, the consumer awareness test, measured the comparative impact on consumer awareness of three point-of-purchase displays: a static display; a display with a front to back motion device; and a display incorporating oscillating motion.

The consumer awareness test consisted of consumer exposure to the displays while on their regular shopping trips in six large supermarkets in the Evansville, IN, area. From among 2,000 shoppers who were interviewed, 1,128 regular beer purchasers were identified. These beer purchasers were then interviewed to determine their recall of product, brand and price.

The results of the market sales test found static displays increased sales in liquor stores by 56% over stores where no displays were used, yet sales in stores using displays with motion rose 107% over establishments using no displays. In food stores static displays improved sales by 18% over stores where no displays were used and motion displays increased sales by 49% over those stores with no displays.

Olympia beer, throughout the test, showed significant increases in market share with an increase of 25% for static displays versus no displays and 33% for motion displays versus no displays.

The results of the consumer awareness test found that after one exposure, 41% of beer purchasers recalled seeing a display for beer. This base of 465 respondents was interviewed to determine their awareness of the display's features and their recall of product, brand and package.

The study stated that 43% recalled seeing the static display, 62% recalled seeing the display with front and back motion, and 94% recalled seeing the display with oscillating motion.

The study also found that 75% of the consumers recalled the price on the static display, 82% correctly recalled the price on the front to back motion display, and 88% correctly recalled the price on the oscillating motion display. Those who could remember the brand of beer on display, which was Olympia, were 80% of all 465 respondents.

Reports such as this serve to exemplify Kenneth J. Brenner's, chairman of POPAI, statement that business volume in the point-of-purchase industry for the second quarter of 1981 increased 30% over a similar period in 1980.

Brenner stated, "This clearly means that today's consumer remains largely a product of such in-store influences as price, new products, and point-of-purchase displays and it is imperative for the marketing community to continue to respond to this pattern in the coming years."

Circle no. 108 on reader's service card →

Bottle bill would cost New Yorkers $400m

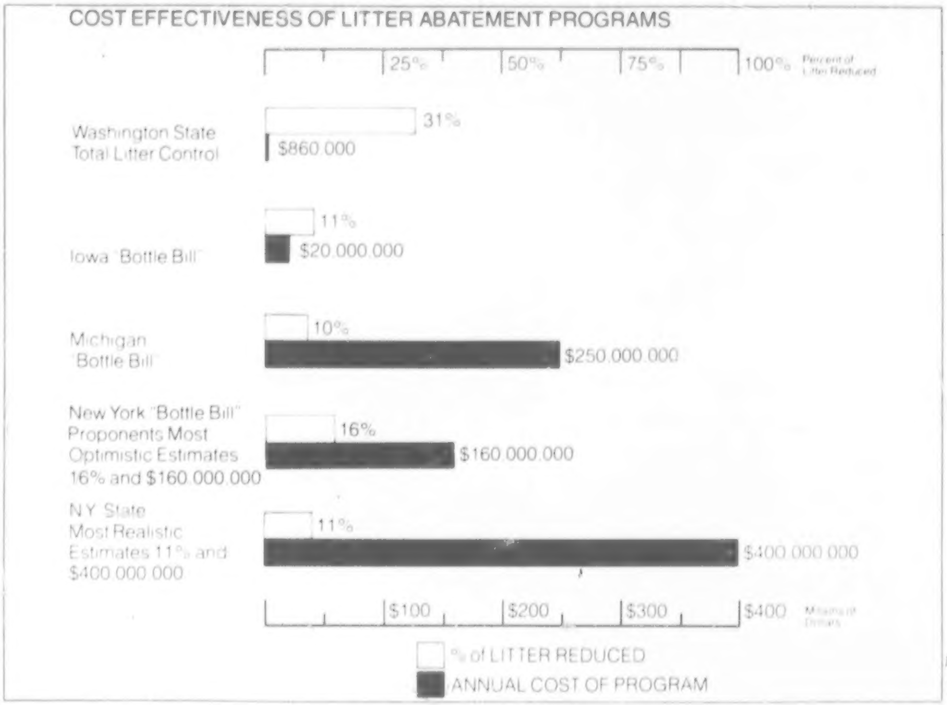
NEW YORK – New Yorkers will pay $400 million for an 11% statewide reduction in litter if the mandatory deposit bill pending in Albany is passed. These statistics, from a study recently released by the New York Council for Total Litter Reduction, are based on the the experience of other forced deposit states where prices have risen 25 cents a six-pack.

The report notes that in Iowa consumers are paying $20 million in higher beverage prices, while in Michigan the cost to consumers is $250 million.

The study contrasts these costs to the $860,000 spent annually in Washington, where a total litter control/recycling approach has reduced litter by 31% over a four year period.

Two bills designed to deal with the state's litter problem are currently pending in the New York State Legislature: One bill is a total litter control/recycling approach to reduce all litter. The other, the so-called "bottle bill," places a forced deposit of at least 5 cents on each beer and soft drink drink container (including non-refillables).

The litter control/recycling bill has reduced litter by as much as 66% in other states that enacted similar legislation, according to the report.


COST EFFECTIVENESS OF LITTER ABATEMENT PROGRAMS

The bottle bill is intended to address the problem of street and highway litter, which the report puts at 20% of total litter.

The total litter control/recycling approach would use tax money already collected from corporations and would cost consumers nothing extra, the report states. The funds made available during the first year would be approximately $11.2 million.

On the other hand, the report notes, even proponents of the bill admit that total litter would be reduced by only 16% at a cost of $160 million if the bill is enacted.

The bills representing both approaches have been assigned to the Commerce Committee in the Assembly and are expected to be reported out for a vote by the entire Assembly this spring. This will be the first time that New York state legislators will have an opportunity to vote on the two alternative approaches to litter control.

The purpose of the New York Council for Total Litter Control is to stimulate public awareness and legislative support for comprehensive statewide litter reduction and recycling programs.

Reverse vending machine issues coupons for cash

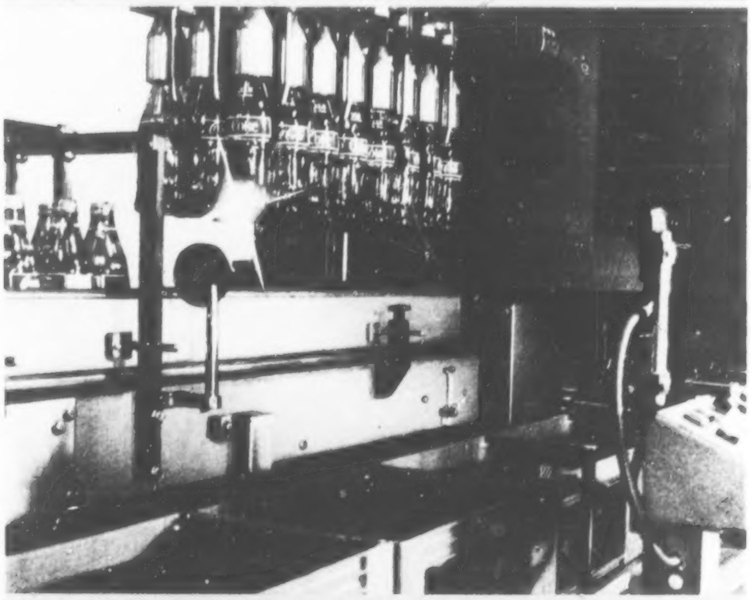
LOS ANGELES – A new unmanned reverse vending machine that issues redeemable coupons in exchange for aluminum or steel cans is now available from Canco Recycling.

Aimed at the supermarket industry, the new unit, manufactured by the Coinbak Co., dispenses a coupon good for cash or merchandise when accepting a can from a consumer.

Canco Recycling, formed in August 1980, is a division of U.S. Reduction Co., a wholly owned subsidiary of American Can Co. Canco already provides Coinbak reverse vending machines to a number of stores and a regional chain. Located in or around the stores, these machines return a varying amount of cash to consumers depending on state deposit requirements.

According to George E. Herrman, president of Canco, "Retailers are a major source of supply for us in recovering beverage cans for recycling to major producers. The new coupons-for-cans machine is an example of our interfacing with that industry to develop practical programs that will create consumer interest and participation." Mr. Herrman added that reverse vending makes it possible for retailers to operate efficient, low-cost redemption centers, while reducing labor cost, building customer traffic and good will.

• For more information on **Canco Recycling**, circle no. 504; for **Coinbak**, circle no. 505.



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SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

MARCH 26, 1982

ge Industry

PUBLISHED EVERY OTHER FRIDAY

NSDA backs two food safety bills

WASHINGTON, DC — The National Soft Drink Association was clearly behind the comprehensive food safety bill introduced last summer by Sen. Orrin Hatch (R-UT), but it has welcomed the addition of another food safety plan into the hopper from Rep Albert Gore (D-TN).

Gore's proposal does not call for the sweeping changes embodied in Hatch's Food Safety Act Amendments (S.1442). Claiming that the Hatch bill is "too complex administratively" and "too ambitious in the nature of some of the proposed changes," Gore maintains that his alternative "has the advantage of examining" other plans. "Instead of reacting in either an emotional way during crisis situations or trying to change the world in one full swoop," he said, his bill "focuses on only the major problems in what is basically a good law."

Unlike S. 1442, the Gore proposal only addresses the food safety provisions within

(Continued on page 38)

BI Week

• Decaffeinated RC was greeted with a standing ovation when introduced earlier this month to the 600-plus bottlers who attended the Royal Crown marketing meeting in New Orleans. Not a reformulation of RC Cola, the new product is an extension of the line designed to give consumers a full range of cola choices, commented RC president Fred Adamny.

"Hooray for Caffeine free RC" is the ad theme developed for tv, radio and print media. The product itself contains a small amount of caffeine(1/100,000th of a gram per 12 oz. serving) and qualifies under the soda water standards as a cola.

First in the market with the new product is Kalil Beverages,

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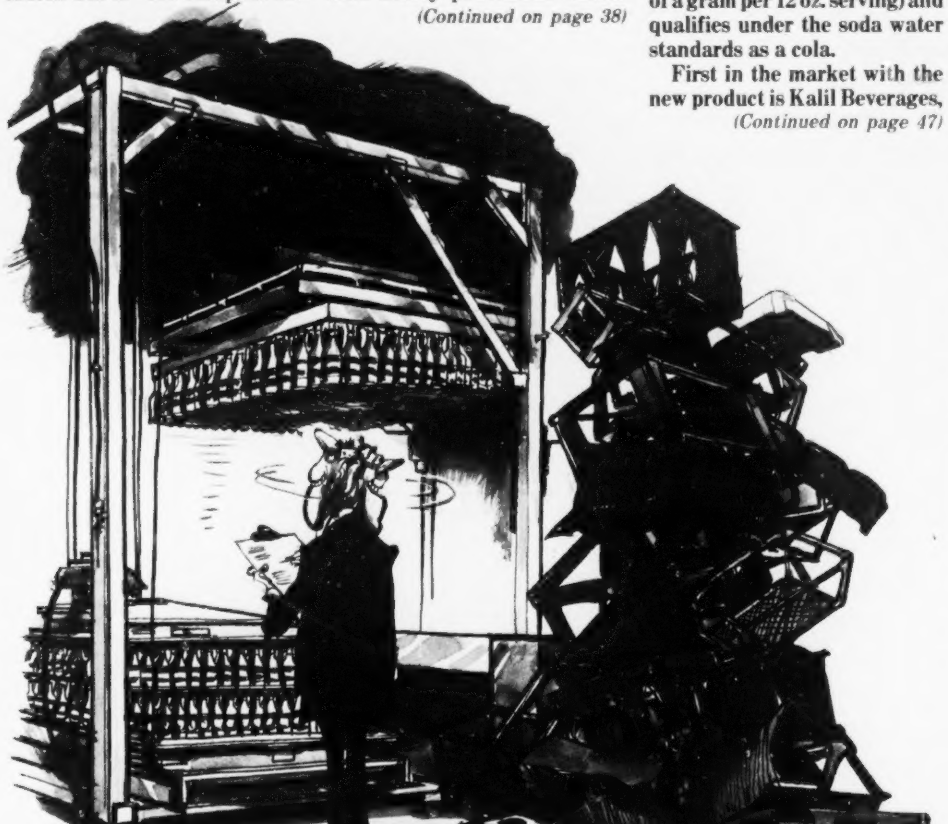


Bulk depalletizing opens package options

By Holly Klokis, Managing Editor

SPECIAL REPORT — With a growing interest in cutting packaging and shipping costs, bottlers are examining the options opened to them by bulk deliveries.

Until recently, corrugated reshippers were the sole packing containers that soft drink bottlers received and shipped nonreturnables in.

The bottles arrived at the plant in corrugated cartons at one end of the line, were unloaded manually or with a case depalletizer, uncased, and subsequently were placed into those same containers at the other end.

In a bulk system, bottles arrive at the plant packed on pallets. The bottlers can send them out in returnable plastic, fiber or wood cases, or in non-

(Continued on page 34)

7UP's caffeine ads jangle cola nerves

By Paul E. Mullins
Editor

SPECIAL REPORT — Introduction of the new "no caffeine, never had it, never will" ads by The Seven-Up Co. has precipitated a series of industry reactions.

Among them:

- General Cinema, parent firm for Sunkist — one of the products depicted in the commercials — had discussions with key network executives concerning the airing of the commercials.
- Pepsi-Cola, in addition to releasing a strong "Formal" response to the public press notified its bottlers — via mailgram — that participation in the campaign could be grounds for cancellation of the franchise.
- Officials at Dr Pepper and Coke — the other two products specified in the commercials — also issued official statements and notified bottlers of their actions.

At this writing, no official

(Continued on page 22)

7UP explains no-caffeine rationale

NEW YORK — According to The Seven-Up Co., there is a significant segment of consumers who are concerned about the caffeine content of soft drinks. Many of these people are apparently confused about the relative amounts of caffeine in soft drink brands. New 7UP ads inform consumers that 7UP contains no caffeine, and never has.

"It's a simple issue," Ed-

(Continued on page 19)

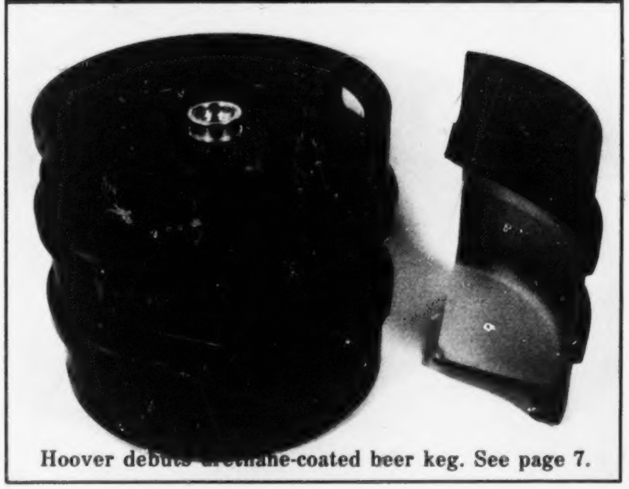
Decaffeinated Sunkist moves out quietly

ATLANTA, GA — At presstime, BI learned that 436 Sunkist bottlers were about to be informed by the company that regular Sunkist, marketed nationally, would contain no caffeine.

Sunkist has been conducting tests of a non-caffeinated version of its regular soft drink in about 17 selected states since July, 1981. J. Peter Murphy, executive vp, said that the tests came out well and in December, 1981, the company decided to begin the changeover nationally.

(Continued on page 47)

BI Package of the Week



Hoover debuts urethane-coated beer keg. See page 7.

Contents

7UP ad campaign jolts competitors

Seven-Up rolled out its new ad campaign, emphasizing that the product has "no caffeine, never had it, never will." Industry reaction was strong and immediate. General Cinema (Sunkist) petitioned TV networks to cease running 7UP's new national ads; Pepsi-Cola sent letters to its bottlers threatening franchise agreements if the bottlers back the campaign; Cola-Cola and Dr Pepper also sent special letters to their bottlers. Bottlers gave **BI** exclusive comments about the campaign, and about 7UP itself. **Page 1.**

Meanwhile, in New York City, 7UP officially unveiled its no-caffeine campaign to the press. The company claims it's not on the health food bandwagon, but that it's merely promoting freedom of choice for consumers. 7UP is "shocked" by the industry reaction. "What are they afraid of?" the company said. For the complete story, see **page 1.**

Coke growth plans told to analysts

Coca-Cola USA expects soft drink discounting will stay at roughly its current level through 1984. The company has no plans to offer a new sugar-free, or no-caffeine drink, especially one named after its flagship brand. Coke executives outlined their multi-year sales and marketing strategies to security analysts in New York. They said the industry will grow at an annual rate of 3.8% this decade; and they said Coke will do better than that. For more, see **page 4.**

Chicago considers bottle bill

The Chicago city council is considering legislation on a bottle bill. The law would impose a 10 cent deposit on beverage bottles and cans, and would ban the sale of cans with detachable poptops and throwaway plastic beverage containers. To find out how Chicago area bottlers feel about the bill, see **page 8.**

Schmidt's prefers steel for cans

Christian Schmidt Brewing Co. uses only steel for all of its beer in cans citing economics and marketing among the reasons. Steel cans are said to be less expensive to produce than those made of aluminum, and it is thought that the differential will continue favorable to steel.

For more details on why the firm finds steel favorable, see **page 10.**

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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Oct. '81	Nov. '81	% change
Bottles	25,970	24,041	—
Beverage: refillable	248	375	51.2
nonrefillable	4,248	4,090	(3.7)
under 10 oz	84	73	(13.1)
10.0 to 15.9 oz	1,407	1,214	(14.3)
16.0 to 16.9 oz (includes .5-L)	2,404	2,312	(3.8)
17.0 to 33.9 oz (includes 1-L)	343	491	43.1
34.0 oz and over (includes 2-L)	—	—	—
Beer: refillable	98	188	91.8
nonrefillable	8,389	7,987	(4.8)
under 11 oz	1,442	1,312	(9.0)
11.0 to 15.9 oz	6,485	6,249	(3.6)
16.0 and over	462	426	(7.8)
Liquor:	1,369	1,230	(10.2)
Under 125 ml (4.23 oz and under)	78	89	14.1
126 to 275 ml (4.24 to 9.3 oz)	292	284	(2.7)
276 to 500 ml (9.31 to 16.9 oz)	207	165	(20.3)
501 to 800 ml (16.91 to 27.04 oz)	347	300	(13.5)
801 to 1000 ml (27.05 to 33.80 oz)	269	250	(7.1)
1001 ml and over	176	142	(19.3)
Wine:	775	662	(14.6)
126 to 500 ml (4.24 to 16.9 oz)	120	100	(16.7)
501 to 800 ml (16.91 to 27.04 oz)	338	300	(11.2)
801 to 1000 ml (27.05 to 33.8 oz)	249	224	(10.0)
1001 to 1600 ml (33.81 to 54.08 oz)	—	—	—
Over 1600 ml (over 54.08 oz)	48	38	(20.8)

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	Oct. '81	Nov. '81	% change
Metal (for spirits, wines)	49,512	40,875	(17.4)
Plastic (for spirits, wines)	110,971	104,686	(5.7)
Metal crowns (beer and soft drinks)	20,832	15,780	(24.3)
Soft drink (convenience types)	2,064	1,220	(40.9)
Soft drink (conventional types)	6,952	3,711	(46.6)
Beer (convenience types)	9,343	8,847	(5.3)
Beer (conventional types)	2,473	2,002	(19.0)
All other metal closures other than crowns	5,870	4,232	(27.9)

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	Nov. '81	Dec. '81	% change
Beer*	11,808,968	11,727,962	(0.7)
Whiskey	9,300,856	6,616,860	(28.9)
Brandy	516,077	519,611	0.7
Gin	535,948	385,131	(28.1)
Rum	73,918	43,779	(40.8)
Cordials and liqueurs	836,534	910,846	8.9
Others	1,026,288	640,331	(37.6)
Total	**24,098,589**	**20,844,520**	**(13.5)**
Sparkling wines	1,698,528	439,973	(74.1)
Still wines, table	10,110,875	10,002,875	(1.1)
Still wines, fortified	403,854	296,867	(26.5)
Vermouth	297,722	282,162	(5.2)

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price Index

(The year 1967 equals 100)

	Oct. '81	Nov. '81	% change
Cola	297.7	296.1	(0.5)
Other carbonated soft drinks	139.6	139.3	(0.2)
Noncarbonated drinks	135.5	136.4	0.7
Wine	238.1	203.6	(14.5)
Beer and ale	203.1	237.4	16.9

Sweetener data

(Cents per pound, dry basis)

	Oct. '81	Nov. '81	% change
HFCS wholesale prices			
California	20.21	20.21	0
New York	19.72	19.72	0
Chicago-West	19.72	19.72	0
Beet sugar wholesale prices	25.41	25.41	0
Dextrose wholesale prices			
California	28.64	28.64	0
New York	27.17	27.17	0
Chicago-West	27.17	27.17	0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Oct. '81	Nov. '81	% change
Bottles and cans	12,047,325	10,763,745	(10.7)
Barrels and kegs	1,797,036	1,623,312	(9.7)
For export	224,901	198,420	11.8
Other	14,512	11,833	(18.5)
Total	**14,608,925**	**12,597,310**	**(13.8)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	Aug. '81	Sept. '81	% change
Still wines (bulk)	223,930	106,702	(52.4)
Still wines (bottled)	26,432,232	31,356,476	18.6
Effervescent wines (bulk & bottled)	2,265,008	2,112,915	(6.7)
Total	**28,921,170**	**33,571,093**	**16.1**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	July '81	Aug. '81	% change
Whiskey	12,810,574	12,041,841	(6.0)
Brandy	1,239,173	1,094,227	(11.7)
Rum	1,698,631	1,957,352	15.2
Gin	3,281,320	3,047,178	(7.1)
Vodka	8,426,356	7,152,538	(15.1)
Cordials and liqueurs	2,530,209	2,316,801	(8.4)
Cocktails and mixed drinks	733,591	737,483	0.5
Total	**30,719,854**	**28,347,420**	**(7.7)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	Sept. '81	Oct. '81	% change
Plastic bottles (blow-molded)	1,257,480	1,275,276	1.4
Carbonated beverages*	172,213	174,949	1.6

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Department of Commerce
Bureau of the Census

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March 26, 1982

C5250-2 4/27/82

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

APRIL 9, 1982

E ge Industry

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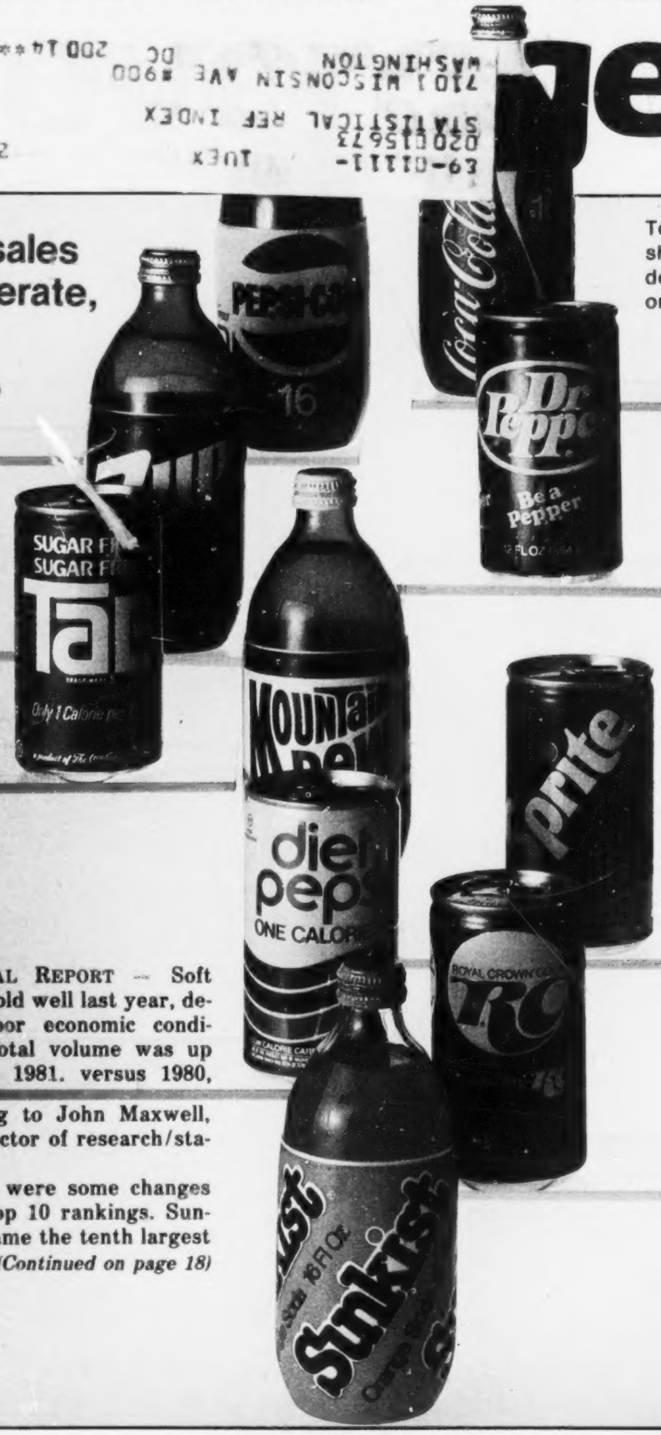

SD sales moderate, rise 2.7%

Top 10 brands shown in descending order.

NATIONAL REPORT — Soft drinks sold well last year, despite poor economic conditions. Total volume was up 2.7% in 1981. versus 1980, according to John Maxwell, BI's director of research/statistics.

There were some changes in the top 10 rankings. Sunkist became the tenth largest

(Continued on page 18)

FDA readies its ruling on sodium labels

WASHINGTON, DC — After a year of planning and much debate, the Food and Drug Administration was readying itself at presstime to publish a proposed regulation on voluntary sodium labeling for processed foods.

The proposal will outline the type of labeling format FDA would find acceptable when soft drink and other food manufacturers want to make sodium declarations on

(Continued on page 10)

BI Week

- **The FTC is taking an interest in Pepsi's recent stance on its bottlers' involvment in the Seven-Up "no caffeine" commercials. Reportedly the agency is investigating the anti-competitive aspects of Pepsi's position that participation in the controversial campaign may result in cancellation of the franchise.**

- **Officials are keeping mum about the recent side-by-side .5 L PET and 16 oz. NR sales test run recently in a major Northeastern market, but several suppliers who have had conversations with executives at the firm say that the plastic package outsold the glass one "substantially." It also reportedly outsold the competing cola priced 20 cents (per six pack) below the PET-packaged brand.**

- **FDA expected to delay for at least two years the effective date of the "common**

(Continued on page 39)

Caffeine has record of safety: Roberts

By Patty Raber
Correspondent

WASHINGTON, DC — Caffeine has renewed man's energy and quenched his thirst since the Chinese first brewed tea in the 21st Century B.C. Yet, despite a popularity that has multiplied with the millenia, in recent years the flavorful stimulant has been dogged by scientific suspicion, threatened with government sanctions and, at times, pilloried in the consumer press.

The result: Confusion, if not wariness, among consumers and a shift to caffeine-free beverages by some manufacturers.

Does caffeine carry legitimate health hazards, or is the controversy merely a tempest in a teapot/coffee mug/soft drink container?

(Continued on page 4)

Alcohol label reg. challenged in suit

WASHINGTON, DC — A consumer group has filed suit against the Treasury Department for rescinding the alcohol ingredient labeling rule last November.

The Center for Science in the Public Interest charged that the Bureau of Alcohol, Tobacco, and Firearms had already decided to kill the rule one month before it sought public comments on the plan in May.

CSPI's allegations stemmed from letters sent by California Senators S. I Hayakawa and Alan Cranston to the department on behalf of the state's wine industry which opposed the regulation. "On April 1, ATF told Hayakawa that the regulation would be rescinded, and that was a month before the Federal Register notice appeared seeking comment on whether the rule should be revoked," said Bruce Sil-

(Continued on page 36)

BI Package of the Week

The Juicer 1.3, developed by GPI; p. 36.

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

APRIL 9, 1982

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

PUBLISHED EVERY OTHER FRIDAY

Diet soft drink consumption*

1978			1979			1980				1981		
Mil. Cases	Pct. Total	Change	Mil. Cases	Pct. Total	Change	Mil. Cases	Pct. Total	Change	Company	Mil. Cases	Pct. Total	Change
176.0	27.9	6.7	195.0	28.9	10.8	214.0	28.5	9.7	Coca-Cola*	240.0	28.8	12.1
127.0	20.2	16.5	142.0	21.1	11.8	178.0	23.7	7.2	Pepsi-Cola#	202.0	24.3	13.5
60.5	9.6	16.3	62.9	9.3	4.0	69.1	9.2	9.9	Dr Pepper	79.5	9.6	15.1
63.0	10.0	1.1	63.6	9.4	1.0	64.0	8.6	0.6	Seven-Up	70.0	8.4	9.4
40.2	6.4	(1.0)	38.0	5.7	(5.5)	40.5	5.4	6.6	Royal Crown Cola	37.0	4.5	—
7.0	1.1	(2.8)	6.5	1.0	(7.1)	6.7	0.9	3.1	Dad's	6.8	0.8	1.5
473.7	75.2	8.6	508.0	75.4	7.2	572.3	76.3	7.6	Subtotal	635.3	76.4	11.0
156.3	24.8	5.8	166.0	24.6	6.2	177.7	23.7	7.0	All Others	196.7	23.6	10.7
630.0	100.0	6.8	674.0	100.0	7.0	750.0	100.0	11.3	Total	832.0	100.0	10.9

*Includes Tab and Fresca
#Includes Diet Pepsi and Pepsi Light

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

Copyright: John C. Maxwell and Beverage Industry
April 9, 1982

SD firms are active amid diet drink boom

By Steve Price
Assistant Editor

SPECIAL REPORT — The soft drink industry grew by a modest 2% last year, but diet drinks are continuing to enjoy booming success. Diet soft drinks represented more than 50% of total industry growth in 1981, comprising 82 of the 160 mil. additional cases of soft drinks sold.

Much of this growth is attributed to America's fitness-oriented lifestyle. Over the last five years the diet market has grown 42%. Diet drinks now account for 13% of total gallonage, 18% of take-home. And industry leaders say these figures could double. Mike Fogarty, president and COO of Squirt Co. said that "the diet market will soon become twice as big as it is now."

Along with the country's fitness frenzy, another factor supporting sugar-free growth is the aging of the baby boom generation. Industry executives see that age group, now 25-44 years old, as the major consumers of diet soft drinks.

Along with the increased number of adults, a more complete packaging mix (with 2-L PET and 16 oz. Plasti-Shield having joined the more prevalent can), has added variety to consumption.

Even more important than the package is the public's opinion of its contents, namely saccharin. Several recent studies show that many of those who stopped buying diet drinks because of saccharin have again become strong sugar-free consumers. Pepsi-Cola's Peter Thompson, group marketing director, supports that viewpoint, saying "the concern about saccharin has subsided, and people have reacted to it as just a scare."

Although the saccharin scare seems to be over, the industry enthusiasm for aspartame is on the rise. Seen as the replacement for saccharin, aspartame has yet to be approved for use in carbonated beverages in the United States. However, as a spokesman for RC Cola observed, "everyone in the industry is working on it, has their own formulas, and will all come out with it in some way."

In searching for an example of the protein sweetner's effect on the market, its proponents point to Canada. There, aspartame has all but revolutionized the diet market, and its pluses seem to far outweight its problems. Coca-Cola Ltd. of Toronto reported a 130% gain in the fourth quarter of 1981 for its diet brands than for that period in 80.

According to an October/November '81 Canadian nat'l survey of food-store sales, the market share for Coke's diet brands (Tab and Fresca) more than tripled over the same period of a year before. Though this seems spectacular, the point must be made that these figures are built

(Continued on page 21)

Magnum Malt Liquor, from Miller Brewing Co., has a new ad campaign emphasizing the product's taste. Tag line: "How can anything taste so good and be so bad."

Sodium

(Continued from page 1)

their products.

FDA is expected to define four terms that would be used on labels when sodium contents are listed. The amount of sodium in the food would dictate the type of term — reduce, low, moderately low, or no sodium added, for instance — that would appear.

Rather than mandating that processed foods include sodium labeling, FDA's voluntary plan would have manufacturers follow FDA's labeling format if they opt to make sodium declarations on their products. However, diet foods would be required to include sodium contents as part of their nutritional labeling.

The Office of Management and Budget must still review the sodium labeling proposal before it can be published in the Federal Register for comment.

Caffeine

(Continued from page 1)

To find the answers, BI went to Dr. Howard Roberts. He was acting director of the Food and Drug Adminstration's (FDA) Bureau of Foods when the government began scrutinizing caffeine, and is now vice president, science and technology with the National Soft Drink Association (NSDA). Having sat on both sides of the fence during the ongoing caffeine controversy, Dr. Roberts offers insight into the interpretation of research findings by the media and the general public.

Although caffeine is a known stimulant, attention to other potential characteristics began after FDA banned cyclamate in 1970. Back then, President Richard Nixon ordered a review of all Generally Recognized As Safe (GRAS) substances, and FDA contracted with the Federation of American Societies for Experimental Biology (FASEB) to examine each of 400 substances.

FASEB's caffeine study in 1978 addressed the ingredient's use as a food additive in cola beverages, rather than as a naturally-occurring ingredient in coffee and tea. Specifically, the review sifted through the last 20 years of research on caffeine, focusing on consumption levels, chromosomal damage, birth defects, cancer, long-term feeding, dose effects on humans and behavioral effects on children.

In terms of birth defects, the study noted that none are seen in animals until 75 mg per kg of body weight is consumed. "When translated into soft drink terms," Dr. Roberts said, "that would correspond to the human instantaneous dose of 40 quarts of caffeine-containing soft drinks."

FASEB noted that "while no evidence in the available information on caffeine demonstrates a hazard to the public when it is used in cola-type beverages at levels that are now current and in the manner now practiced, uncertainties exist requiring that additional studies be conducted."

The report recommended that caffeine be removed from the GRAS list since "at current levels of consumption of cola-

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Soft drinks post 2.7% gain in 1981

Soft drink sales posted a 2.7% gain last year over 1980, according to just-released figures from John Maxwell. The top 10 rankings changed somewhat, with Sunkist and Mountain Dew making moves. The big sales gainers were the diet drinks, a trend that's expected to continue. For all the latest, and most authorative, statistics and their trends for the soft drink industry, see **page 1.**

Diet soft drinks are hottest segment

Diet soft drinks continue to enjoy booming success. The diet segment accounted for over 50% of total soft drink sales growth last year. What is behind this trend? And what are soft drink companies doing to promote the diet drinks? The answers in this special report, **page 4.**

Is caffeine concern overblown?

Caffeine has been around for quite a while. Recently, the substance has been the subject of scientific suspicion, consumer wariness and government debate. Beverage makers are switching to noncaffeine formulas. Does caffeine carry legitimate health hazards? Is this potential overblown? In an exclusive interview with Dr. Howard Roberts, vp science and technology at NSDA, **BI** takes a thought-provoking look at the controversy. This special report is highlighted by specific examples of scientific studies on caffeine. See **page 1.**

Discount strategy: method for profit

How deep to discount? Leslie Behrend and William Ofcky of Profit Management Development, Inc. explain PMD's method of analyzing a bottlers discounts to permit him to answer questions of profitability on a continuing basis. Following a specific case study example, this article shows how a bottler can best compete and remain profitable. See **page 40.**

No caffeine RC unveiled at mtg.

Royal Crown meeting in New Orleans added another first to the company's list of innovations in the soft drink business: decaffeinated RC. The new product and its companion cola, RC 100, have put the spark back into the RC bottler group. For a report on the New Orleans meeting, see **page 1.**

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Consumption of soft drinks by company

1976		1977		1978		1979		1980			1981		
Mil. Cases	Pct. Market	Mil. Cases	Pct. Market	Mil. Cases	Pct. Market	Mil. Cases	Pct. Market	Mil. Cases	Pct. Market		Mil. Cases	Pct. Market	1980-81 Change
										Coca-Cola Company			
1,190.0	24.3%	1,290.0	24.5%	1,335.0	24.3%	1,365.0	23.9%	1,425.0	24.3%	Coca-Cola	1,463.0	24.2%	2.7%
130.0	2.7	150.0	2.8	158.0	2.9	165.0	2.9	171.0	2.9	Sprite	178.0	2.9	4.1
125.0	2.6	137.0	2.6	149.0	2.7	170.0	3.0	188.0	3.2	Tab	216.0	3.6	14.9
112.0	2.3	119.0	2.3	112.0	2.0	107.0	1.9	98.0	1.7	Fanta	88.0	1.5	(10.2)
37.0	0.7	45.0	0.9	46.0	0.8	43.0	0.8	39.0	0.7	Mr. Pibb	34.0	0.6	(12.8)
31.0	0.6	28.0	0.6	27.0	0.5	25.0	0.4	26.0	0.4	Fresca	24.0	0.4	(7.7)
—	—	—	—	—	—	38.0	[illegible]	50.0	0.8	Mello Yello	53.0	0.9	6.0
10.0	0.2	15.0	0.3	19.0	0.4	23.0	0.4	25.0	0.4	Others	26.0	0.4	4.0
1,635.0	33.4	1,784.0	32.9	1,846.0	33.6	1,936.0	34.0	2,022.0	34.4	Total	2,082.0	34.5	3.0
										PepsiCo, Inc.			
830.0	17.0	903.0	17.2	969.0	17.6	1,022.0	17.9	1,056.0	17.9	Pepsi-Cola	1,104.0	18.3	4.5
73.0	1.5	100.0	1.9	130.0	2.4	156.0	2.8	169.0	2.9	Mountain Dew	179.0	3.0	5.9
90.0	1.9	109.0	2.1	127.0	2.3	142.0	2.5	154.0	2.6	Diet Pepsi	173.0	2.9	12.3
25.0	0.5	27.0	0.5	22.0	0.4	24.0	0.4	24.0	0.4	Pepsi Light	29.0	0.5	20.8
12.1	0.2	12.6	0.2	14.0	0.3	15.0	0.3	15.0	0.3	Teem	14.0	0.2	(6.7)
15.3	0.3	20.3	0.4	19.0	0.3	18.0	0.3	17.0	0.3	Others	16.0	0.2	(5.9)
1,045.4	21.4	1,171.9	22.3	1,281.0	23.3	1,377.0	24.2	1,435.0	24.4	Total	1,515.0	25.1	5.6
										Dr Pepper Co.			
243.0	5.0	278.0	5.3	299.5	5.4	311.5	5.5	323.0	5.5	Dr Pepper	326.0	5.4	0.9
39.0	0.8	52.0	1.0	60.5	1.1	62.9	1.1	69.1	1.2	Sugar Free Dr Pepper	79.5	1.3	15.1
282.0	5.8	330.0	6.3	360.0	6.5	374.4	6.6	392.1	6.7	Total	405.5	6.7	3.4
										Canada Dry Corp.			
52.4	1.1%	52.7	1.0	55.0	1.0	56.7	0.9	60.2	1.0	Ginger ale	63.2	1.1	5.0
25.2	0.5	25.2	0.5	25.0	0.5	26.5	0.5	26.8	0.4	Tonic, Bitter Lemon	28.0	0.5	4.5
19.0	0.4	19.0	0.4	18.0	0.3	20.7	0.4	27.0	0.5	Club Soda	33.0	0.5	22.2
—	—	15.0	0.3	15.0	0.3	15.5	0.3	15.3	0.3	Barrelhead	14.3	0.2	(6.5)
5.5	0.1	5.6	0.1	5.5	0.1	5.0	0.1	4.0	0.1	Wink	4.2	0.1	5.0
45.0	0.9	42.5	0.8	40.0	0.7	38.0	0.7	31.0	0.5	Others	25.0	0.4	(19.4)
147.1	3.0	159.9	3.1	158.5	2.9	162.4	2.9	164.3	2.8	Total	167.7	2.8	2.1
67.0	1.4	65.0	1.2	60.0	1.1	57.0	1.0	54.5	0.9	**Cott Corp.**	44.0	0.7	(19.3)
9.0	0.2	18.0	0.3	31.0	0.6	31.0	0.5	30.0	0.5	**Welch's**	31.6	0.5	5.3
23.8	0.5	22.4	0.4	22.4	0.4	22.4	0.4	21.0	0.4	**No-Cal**	20.0	0.3	(4.8)
528.9	10.9	595.3	11.3	631.9	11.5	647.2	11.4	661.9	11.3	Grand Total[1]	668.8	11.0	1.0
										Seven-Up Company			
305.8	6.3	315.0	6.0	322.0	5.9	320.0	5.6	317.0	5.4	7-Up	301.0	5.0	(5.0)
60.0	1.2	62.3	1.2	63.0	1.1	63.6	1.1	64.0	1.1	Diet 7-Up	70.0	1.2	9.4
10.0	0.2	10.5	0.2	10.2	0.2	10.0	0.2	9.0	0.2	Dixie Cola	8.0	0.1	(11.1)
1.3	—	1.2	—	1.0	—	1.0	—	1.0	—	Howdy Flavors	1.0	—	—
377.1	7.7	389.0	7.4	396.2	7.2	394.6	6.9	391.0	6.7	Total	380.0	6.3	(2.8)
										Royal Crown Companies			
162.2	3.3%	166.0	3.2%	164.0	3.0%	158.0	2.8%	163.0	2.8%	Royal Crown	154.0	2.5%	(1.1%)
—	—	—	—	—	—	—	—	3.5	0.1	RC 100	15.0	0.2	330
40.6	0.8	40.6	0.8	40.2	0.7	38.0	0.7	37.0	0.6	Diet Rite Cola	37.0	0.6	—
55.6	1.2	53.0	1.0	53.5	1.0	53.0	0.9	50.0	0.8	Nehi and Others	43.0	0.7	(14.0)
258.4	5.3	261.6	5.0	257.7	4.7	250.0	4.4	253.5	4.3	Total	249.0	4.1	(1.8)
										Crush International			
136.4	2.8	50.7	2.9	169.6	3.1	180.0	3.4	186.3	3.2	Hires, Crush, etc.	193.6	3.2	3.9
19.5	0.4	23.0	0.4	24.0	0.4	25.0	0.5	25.9	0.4	Sun Drop	26.4	0.4	1.9
155.9	3.2	173.7	3.3	193.6	3.5	205.0	3.6	212.2	3.6	Total	220.0	3.6	3.7
										Moxie Incorporated			
										Monarch Company			
21.8	0.4	21.9	0.4	23.2	0.4	19.0	0.3	18.0	0.3	Nesbitts	17.0	0.3	(5.6)
NA	—	NA	—	NA	—	15.0	0.3	16.0	0.3	Frostie Root Beer*	17.0	0.3	6.3
12.8	0.3	13.8	0.3	15.1	0.3	14.3	0.2	14.4	0.2	NuGrape	14.4	0.2	—
7.2	0.2	8.3	0.2	8.3	0.2	8.9	0.2	8.5	0.2	Sun Crest	8.4	0.1	(1.2)
1.8	—	2.0	—	2.2	—	2.2	—	2.2	—	Moxie	2.2	—	—
NA	—	0.6	—	1.0	—	0.7	—	NA	—	Kickapoo	NA	—	—
4.0	0.1	4.2	0.1	4.3	0.1	3.9	0.1	3.5	0.1	Mason's Root Beer	3.0	0.1	(14.3)
2.0	—	2.2	—	2.5	—	2.1	—	1.9	—	Flavette	0.7	—	(63.2)
0.7	—	0.8	—	2.4	—	2.0	—	1.8	—	Dr. Wells	1.3	—	(27.8)
22.6	0.5	24.6	0.5	26.9	0.5	31.9	0.6	33.0	0.6	Other	34.0	0.6	3.0
72.9	1.5	78.4	1.5	86.9	1.5	100.0	1.7	99.3	1.7	Total	98.0	1.6	(1.3)

[1] Total for Dr Pepper and Dr Pepper-owned companies.

* Acquired December 31, 1979.

(Continued on page 20)

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

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April 9, 1982

SD sales

(Continued from page 1)

selling drink. Mountain Dew passed Sprite to move into sixth position. Sunkist managed 82 million cases sold in '81, capturing 1.4% of the total market. Sugar Free Dr Pepper trailed Sunkist by 2.5 million cases. In '81 over '80, Sunkist boosted its sales by 17.1%, the largest year-to-year increase of the top 10.

Mountain Dew, with 179 million cases sold in '81, was only a million cases above Sprite. Mountain Dew sales rose 5.9% from '80 to '81; Sprite was up 4.1%.

Coca-Cola, the individual brand leader, took 24.2% of the total market. Coke's sales of about 1.5 billion cases were 2.7% above its performance in 1980. Number two Pepsi-Cola registered 1.1 billion cases sold in '81, 18.3% of the market and 4.5% better than '80.

Dr Pepper came in third with 326 million cases sold in '80, 5.4% of the market and 0.9% above its sales in 1980. Seven-Up, while declining in case sales by 5%, still managed to stay in the number four spot. Seven-Up sold 301 million cases last year, 5% of the market.

PepsiCo wound up with the best volume gain for the year: about 80 million cases or 5.6%. Coca-Cola was up some 60 million cases and was the second best in absolute numbers, gaining three percentage points. Dr Pepper was third with an increase of about 13 million cases or 3.4%.

6 million cases

Total soft drink volume in '81 hit just over 6 billion cases. The top 10 brands accounted for 69.3% of that, or 4.2 billion cases. All of the accompanying figures reflect 8 oz. 24 per case equivalent sizes.

Based on the industry's 2.7% unit volume growth last year, Maxwell contends that the general economy is not as important to the soft drink industry as it once was. Per capita consumption took a good jump last year to 39.5 gallons. It should be noted that the Census Bureau has revised total resident population numbers; accordingly, Maxwell has adjusted per capita numbers for prior years.

Maxwell expects soft drink volume this year should be at least as good as 1981. He looks for a growth rate of between 2.5% and 3.5% on a longer-term basis. Coca-Cola USA officials have said they expect industry volume to grow at 3.8% annually through the '80s.

With the substantial base that the soft drink industry enjoys, Maxwell says, absolute volume gains continue to be extraordinary despite lower year-to-year percentage gains. For example, total volume was up 3.8%, '80 over '79; 5.6%, '79 over '78 and 6.6%, '78 over '77. This trend holds true at least since 1970.

In 1981, the big winners were the colas, dietary products and private labels. The principle losers were in the lemon-lime area.

Sales of all colas, including diets, rose 3.0% in '81 compared with '80, to 3.8 billion cases. This was 62.6% of the total market. The lemon-limes were off 1.6%, or 5 million cases, to 700 million. Sprite was the only large-selling lemon-lime that managed an increase: up 4.1%.

In the private labels, Kroger's Big K sold 11 million cases last year, 11.4% better than '80; Safeway's Cragmont brand, which sold 13.5 million cases, was up 5.5%; Winn-Dixie's Chek sold 11 million cases, up 4.8%; and A&P Yukon sold 3.1 million cases, up 6.9%.

The really big gainers, however, were the diets. Industry experts believe that the trend toward higher sales of diet soft drinks will continue as that huge group of consumers aged 25-40 maintains its weight-conscious attitude.

Diet drinks accounted for almost 14% of all soft drinks consumed last year; 832 million cases were sold in 1981, 10.9% more than the year before. According to Maxwell's figures, since 1975, diet sales have increased an average of 12.6% year-to-year.

Coca-Cola products, including Tab and Fresca, sold 240 million cases in '81, 28.8% of the total market and 12.1% above '80. Pepsi-Cola brands, including Diet Pepsi and Pepsi Light, sold 202 million cases last year, 24.3% of the market and 13.5% better than '80. Sugar Free Dr Pepper sales rose 15.1% '81 over '80.

Maxwell says that as the population ages and becomes more concerned about waistlines, he expects the dietary area may well become the prime growth field for the foreseeable future. *(See BI special report on diet soft*

(Continued)

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Consumption of soft drinks by company

1976		1977		1978		1979		1980			1981		
Mil. Cases	Pct. Market	Mil. Cases	Pct. Market	Mil. Cases	Pct. Market	Mil. Cases	Pct. Market	Mil. Cases	Pct. Market		Mil. Cases	Pct. Market	1980-81 Change
										(Continued from page 18)			
										Consolidated Chocolate Co.			
—	—	2.1	—	2.4	—	2.6	0.1	2.7	0.1	Chocolate Soldier	2.8	0.1	3.7
—	—	1.0	—	1.3	—	1.4	—	1.4	—	Brownie	1.4	—	—
—	—	1.3	—	1.8	—	1.9	—	2.0	—	Choc-ola	2.0	—	—
—	—	4.0	0.1	4.5	0.1	4.7	0.1	4.9	0.1	Other	5.0	0.1	2.0
6.7	**0.1**	**8.4**	**0.1**	**10.0**	**0.2**	**10.6**	**0.2**	**11.0**	**0.2**	**Total**	**11.2**	**0.2**	**1.8**
79.6	**1.6**	**6.8**	**1.6**	**96.9**	**1.7**	**110.6**	**1.9**	**110.3**	**1.9**	**Grand Total[2]**	**109.2**	**1.8**	**(1.0)**
95.0	1.9	103.1	2.0	106.5	1.9	100.0	1.7	105.0	1.8	**Shasta Beverages#**	109.0	1.8	3.8
NA	—	NA	—	NA	—	NA	—	70.0	1.2	**Sunkist**	82.0	1.4	17.1
28.4	0.6	35.5	0.7	43.0	0.8	55.8	1.0	64.8	1.1	**Cadbury Schweppes USA, Inc.**	72.0	1.2	11.1
29.5	0.6	40.0	0.8	46.2	0.8	54.0	0.9	58.0	1.0	**A & W Beverages♦**	61.0	1.0	5.2
										Dad's Root Beer Company			
32.0	0.6	33.0	0.6	34.0	0.6	33.5	0.6	34.1	0.6	Dad's Root Beer	34.0	0.6	(0.3)
15.0	0.3	15.0	0.3	17.0	0.3	16.0	0.3	15.6	0.3	Bubble Up	18.5	0.3	18.6
7.2	0.2	7.2	0.1	7.0	0.1	6.5	0.1	6.7	0.1	Diet Dad's	6.8	0.1	1.5
54.2	**1.1**	**55.2**	**1.0**	**58.0**	**1.0**	**55.5**	**1.0**	**56.4**	**1.0**	**Total**	**59.3**	**1.0**	**5.1**
36.4	0.7	37.0	0.7%	40.0	0.7%	47.6	0.8%	53.8	0.9%	**Squirt Company**	64.0	1.1	19.0%
31.3	0.6	33.5	0.6	35.8	0.7	39.1	0.7	39.9	0.7	**Double Cola Co.**	39.0	0.6	(2.3)
27.9	0.6	28.4	0.5	29.0	0.6	29.0	0.5	29.5	0.5	**Frank's Beverages**	29.5	0.5	—
22.3	0.4	22.3	0.5	26.1	0.5	23.9	0.4	22.1	0.4	**Faygo**	25.2	0.4	14.0
NA	—	NA	—	7.9	0.1	11.6	0.2	13.9	0.2	**Barq's**	16.9	0.3	21.6
7.9	0.2	8.3	0.2	9.3	0.2	9.9	0.2	10.2	0.2	**Big K (Kroger)**	11.0	0.2	11.4
12.8	0.3	12.5	0.2	12.5	0.2	12.5	0.2	12.8	0.2	**Cragmont (Safeway)**	13.5	0.2	5.5
12.8	0.2	13.3	0.2	12.0	0.2	11.0	0.2	10.5	0.2	**Chek (Winn-Dixie)**	11.0	0.2	4.8
7.2	0.1	8.2	0.2	8.5	0.2	8.0	0.1	8.0	0.1	**Cotton Club**	7.2	0.1	(6.3)
NA	—	NA	—	NA	—	2.6	0.1	2.9	—	**Yukon (A&P)**	3.1	0.1	6.9
4,433.2	**90.8**	**4,864.6**	**92.7**	**5,138.1**	**93.4**	**5,380.9**	**94.4**	**5,651.0**	**96.2**	**Total**	**5,827.7**	**96.5**	**3.1**
456.8	9.2	394.4	7.4	361.9	6.6	319.1	5.6	224.0	3.8	Others	207.3	3.5	(7.5)
4,890.0	**100.0%**	**5,259.0**	**100.0%**	**5,500.0**	**100.0%**	**5,700.0**	**100.0%**	**5,875.0**	**100.0%**	**Grand Total**	**6,035.0**	**100.0%**	**2.7%**

#Division of Consolidated Foods Corp. ♦Subsidiary of United Brands Company. [2] Total for Moxie-owned companies.

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

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April 9, 1982

Estimated market share by type*

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980		1981
63.0%	63.0%	63.0%	62.5%	61.7%	62.1%	62.2%	62.4%	62.3%	62.3%	62.4%	Cola	62.6%
12.0	12.0	12.0	12.5	12.8	12.9	12.7	12.4	12.3	12.1	11.8	Lemon-Lime	11.6
3.9	3.9	4.6	5.0	5.2	5.3	6.7	7.3	7.7	7.9	8.0	Pepper Type	8.0
8.3	8.4	8.4	8.2	8.0	7.9	7.8	7.4	7.4	7.3	7.4	Orange	7.4
4.5	5.0	5.0	5.0	5.2	5.2	5.2	5.3	5.4	5.5	5.5	Root Beer	5.5
8.4	7.7	7.0	6.8	7.1	6.6	5.4	5.2	4.9	4.9	4.9	All Others	4.9
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**Total**	**100.0%**

*Includes diet drinks.

Cola consumption*

1978			1979			1980				1981		
Mil. Cases	Pct. Total	Change	Mil. Cases	Pct. Total	Change	Mil. Cases	Pct. Total	Change	Company	Mil. Cases	Pct. Total	Change
1,484.0	43.3	4.0	1,535.0	43.2	3.4	1,613.0	44.0	5.1	**Coca-Cola**	1,679.0	44.4	4.1
1,118.0	32.6	7.6	1,188.0	33.5	6.3	1,234.0	33.6	3.9	**PepsiCo**	1,306.0	34.6	5.8
204.2	6.0	(2.1)	197.0	5.5	(3.5)	203.5	5.5	3.3	**Royal Crown**	206.0	5.4	1.2
2,806.2	81.9	4.9	2,920.0	82.2	4.1	3,050.5	83.1	4.5	**Subtotal**	3,191.0	84.4	4.6
620.8	18.1	2.5	631.0	17.8	1.6	619.5	16.9	(1.8)	**All Others**	589.0	15.6	(4.9)
3,427.0	**100.0**	**.5**	**3,551.0**	**100.0**	**3.6**	**3,670.0**	**100.0**	**3.4**	**Total**	**3,780.0**	**100.0**	**3.0**

*Includes diet colas.

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

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April 9, 1982

SD sales

(Continued from page 19)

drinks in this issue, page 4.)

Another growth area appears to be noncaffeinated soft drinks. The principal new soft drink product that could foreshadow a new area of interest is caffeine-free RC 100, says Maxwell. This brand sold somewhere between 10 and 15 million cases in 1981; Royal Crown Cola won't be specific. **BI** used the higher estimate in the accompanying tables. In 1980, RC 100 sales were an estimated 3.5 million cases; that means the brand enjoyed a year-to-year sales increase of over 300%.

ad campaign

Early last month, The Seven-Up Co. came out with a new advertising campaign emphasizing 7UP's no-caffeine formula. As reported in the previous issue, industry reaction, particularly Pepsi's and Sunkist's, was immediate and strongly negative.

For it's part, Sunkist was on the verge of a national roll-out of its noncaffeinated formula for regular Sunkist when 7UP released its new campaign.

Royal Crown, which has always been an innovator, according to Maxwell, may have hit upon a new consumer need. Seven-Up is soon expected to introduce a new product called Like to compete with RC 100; as of this writing, 7UP would not confirm or deny rumors about Like. Obviously, Maxwell says, if the noncaffeinated area becomes much larger, he would expect to see other companies, major and minor, move in with competitive products. *(See a special report on caffeine in this issue, page 1.)*

consolidation

Maxwell notes the acceleration of consolidation within the soft drink industry. For example, Dr Pepper now consists of five formerly independent companies. Not only should this trend continue on the manufacturing company level, but Maxwell says it will likely accelerate among bottlers, who now number about 1000 separate entities. Over the next few years, Maxwell thinks this number will continue to drop substantially.

Among second-tier companies, Maxwell notes two leaders: Sunkist volume up 17% in 1981 and Cadbury-Schweppes up 11%. Increased volume for private labels last year indicates to Maxwell that there is some trading down among the populace.

Barq's Root Beer was up almost 22% in '81 and was the best performer in the smaller volume group, followed closely by Squirt, which was up 19%.

Given Maxwell's outlook for the soft drink industry, 1982's per capita consumption could reach 40.5 gallons. That would bring it to the highest level ever achieved by any type of beverage in the U.S., passing the 40-plus figure achieved by coffee in 1962.

Therefore, Maxwell expects the industry will continue as the most dynamic one within the beverage field, due mainly to the high level of sophisticated marketing and management that exists nearly across-the-board. This is unique compared to other beverage industries, he says.

Top ten drinks

1978 Pct. Market	1978 Pct. Change	1979 Mil. Cases	1979 Pct. Market	1979 Pct. Change	1980 Mil. Cases	1980 Pct. Market	1980 Pct. Change		1981 Mil. Cases	1981 Pct. Market	1981 Pct. Change
24.3	3.5	1,365.0	23.9	2.2	1,425.0	24.3	4.4	Coca-Cola	1,463.0	24.2	2.7
17.6	7.3	1,022.0	17.9	5.5	1,056.0	18.0	3.3	Pepsi-Cola	1,104.0	18.3	4.5
5.4	7.7	311.5	5.5	4.0	323.0	5.5	3.7	Dr Pepper	326.0	5.4	0.8
5.9	3.2	320.0	5.6	(0.6)	317.0	5.4	(0.9)	Seven-Up	301.0	5.0	(5.0)
2.7	8.8	170.0	3.0	14.1	188.0	3.2	10.6	Tab	216.0	3.6	14.9
2.4	30.0	156.0	2.7	20.0	169.0	2.9	8.3	Mountain Dew	179.0	2.9	5.9
2.9	5.3	165.0	2.9	4.4	171.0	2.9	3.6	Sprite	178.0	2.9	4.1
2.3	16.5	142.0	2.5	11.8	154.0	2.6	8.5	Diet Pepsi	173.0	2.9	12.3
3.0	(2.4)	158.0	2.8	(3.0)	153.0	2.8	3.7	Royal Crown Cola	154.0	2.7	(1.1)
—	—	NA	—	—	70.0	1.2	—	Sunkist	82.0	1.4	17.1
66.5	5.9	3,810.5	66.8	4.3	4,039.0	68.8	5.8	Total	4,176.0	69.3	3.4

Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

Copyright: John C. Maxwell and Beverage Industry
April 9, 1982

Lemon-lime consumption*

1978 Mil. Cases	1978 Pct. Total	1978 Pct. Change	1979 Mil. Cases	1979 Pct. Total	1979 Pct. Change	1980 Mil. Cases	1980 Pct. Total	1980 Pct. Change	Company	1981 Mil. Cases	1981 Pct. Total	1981 Pct. Change
385.0	56.9	2.0	383.6	55.6	(0.4)	381.0	54.0	(0.7)	Seven-Up	371.0	53.0	(2.6)
158.0	23.3	5.3	165.0	23.9	4.4	171.3	24.3	3.6	Coca-Cola	178.0	25.4	4.1
14.0	2.0	11.1	15.0	2.2	7.1	15.0	2.1	—	PepsiCo	14.0	2.0	(6.7)
557.0	82.2	3.2	563.6	81.7	1.2	567.0	80.4	0.6	Subtotal	563.0	80.4	(0.7)
120.0	17.8	9.0	126.4	18.3	5.3	138.0	19.6	9.2	All Others	137.0	19.6	(5.1)
677.0	100.0	4.2	690.0	100.0	1.9	705.0	100.0	2.2	Total	700.0	100.0	(1.6)

*Does not include Hill Billy drinks or Fresca
Source: Lehman Brothers Kuhn Loeb Research
Case: 24 pack, 8 oz. containers

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April 9, 1982

Diet sales

(Continued from page 4)

on a very small base. Canada banned saccharin in 1977, after which the diet soft drink segment in food stores dropped from 11.4% to 5.8%.

"It is still too early to tell" is the attitude many take regarding aspartame mainly because of limited supply, high cost, and some problems with shelf life. However, Squirt Co.'s Mike Fogarty seemed to touch on most of the feelings surrounding aspartame when he commented, "We'll be ready for it when it's ready. I don't think aspartame itself will make a major change in the diet market; it's what we do with it."

Though the industry looks forward to the approval of aspartame, it clearly is not standing still in the mean time. The major companies all express confidence in their diet product growth as they launch their 1982 ad campaigns.

Pepsi-Cola, in '82, ties together both Diet Pepsi and Pepsi Light brands in side-by-side promotions to broaden their appeal. The two diet drinks will be promoted through all three major drive periods with couponing, trial events, dealer loaders for displays, and a route sales contest.

Dr Pepper is just as optimistic about Sugar Free Dr Pepper. As its objectives for the coming year, it plans to increase trial and retrial among occasional users, and to increase consumption among hard core users. It has developed a new ad pitch that will be pushed on all three media. Women's service magazines will be the main focus of two new print ads and will tie in strongly with the TV theme.

Coca-Cola also has new print ads this year for Tab, which will be seen mainly in women's service magazines.

An area of advertising that has become popular with franchisers is dual promotions. Seven-Up is presently

(Continued on page 27)

Body by Tab.
25¢ off Tab
Tab

Now you see it...
diet pepsi
Now you don't.
SAVE 25¢
SUGAR FREE
Dr Pepper
LOOK WHO'S TURNING DIET 7UP
7up
75¢ Mail-in Certificate
Save 25¢
VOID
VOID
Taste the one that won!
Diet Rite Cola comes out on top in national taste test over Tab and Diet Pepsi
Tab
DIET RITE
20¢
20¢
SQUIRT IS TAKING OFF

The leading diet drinks are stepping up their barrage of advertising as the sugar-free segment continues to boom. "Body by Tab is the theme to go with Tab's new print ads; RC is pushing its "taste test" in Diet-Rite ads; Diet Pepsi continues with it's "Now you see it, now you don't" while showing off some new curves; Diet 7Up has Loni Anderson and Arnold Schwarzenegger "Turning 7Up"; Dr. Pepper's sugar free ads exclaim "Oh, what a surprise! The taste is gonna open your eyes"; and Squirt boasts that its 'better tasting drink' and new graphics are "Taking Off".

Diet sales

(Continued from page 21)

running an event with CBS Records scheduled to run through April 15. Another program, called "Springtime Rebate," joins Seven-Up with Clairol personal care appliances.

"Test these tastes," the promotion for Sugar Free Dr Pepper, is slated to run March/April. The promo links Sugar Free Dr Pepper with Velamints.

Pepsi-Cola recently launched a Diet Pepsi/Pepsi Light promo with No Nonsense pantyhose. On the subject of duals, Group Marketing Director Peter Thompson remarked that, "The No Nonsense/diet brand promotion was an outstanding concept," because it builds trial and volume, and ties both brands to another product that also appeals to the appearance-conscious consumer.

Executives in the industry feel that duals may figure largely in their future advertising. Bill Schermerhorn, VP of marketing for Dr Pepper feels that "these promo's will continue to grow. New ones are coming and will be a prevalent market strategy not only in diet, but in all types."

Regardless of their advertising strategies the major companies expressed confidence in their ability to grow with the expanding diet market. Said one spokesman for RC Cola, "RC is closer to the leaders in diet drinks than in regular. Since we have two entries, we feel we have an extra advantage in this market."

Equally optimistic about its upward mobility was Dr Pepper, recalling that Sugar Free Dr Pepper was the tenth most consumed soft drink in 1980 with virtually no local ad support, poor foundation, and poor vending representation.

Exuding self assuredness were the industry's two giants. Coca-Cola's spokesperson asserted, "We have the leading diet drink in the world, so of course we're pleased."

But Pepsi-Cola's President, John Sculley, was perhaps the boldest speaker on the subject. When speaking in New York recently he stated, Pepsi and Coke are both strong in the sugar-free area because of inherent strengths, and it is not impossible that the industry could wind up two-tier.

Apex builds beer distrib. center

LAKELAND, FL — Apex Distributing Co., a distributor of Miller High Life, Lite, Lowenbrau, and Heineken beer announced it will construct a controlled temperature warehouse and distribution center here.

The new facility will have a storage capacity of 240,000 cases and 2,500 kegs, and is part of Apex's effort to better serve its customers in the central Florida area.

The warehouse's year-round temperature will be kept between 40° and 65° Fahrenheit, or 3° above dew point. "This is the ideal temperature range for preserving the quality of our products and is in keeping with Miller Brewing Co.'s historic commitment to product quality uncompromising and unchanging," states Terry Lindsey, operations manager.

The $1.4 million complex will include a temperature controlled warehouse.

Behind Decaffeinated RC

New product targets regular cola, decaffeinated coffee drinkers

**By Fred Adamany, president
Royal Crown Cola Co.**

Editor's note: *The adjoining article is an edited version of a presentation by Adamany at this year's Royal Crown bottlers meeting. For more information, (See story, page 10.)*

Our decaffeinated story started when Don McMahon (RC CEO) shared his thoughts with me four years ago about a product he called RC Plus . . . a product to which we could add vitamin C and remove the caffeine, at that point, Martha Jones, VP—product development, took the seed and planted it in her lab. Several months later we had a product with good taste but which needed more development.

In the development stages, we determined that the FDA would not allow us to add vitamins to carbonated drinks nor would they allow us to call it a cola without the caffeine, but our efforts continued.

At the same time, sugar prices began to climb again. Our marketing research at the time indicated that our first target for a caffeine-free product should be the health conscious consumer, the dieter. Our attorneys discovered that a sugar-free product could technically be called a cola, and thus was born RC 100 Cola . . . this new RC innovation.

The sugar market thermometer continued to rise, and we began to rethink the product. Martha Jones assured me that she could and, in fact, had a product that was 100% caffeine-free. I knew the bottlers needed a product that should be timely and cost efficient to product . . . and, thus, RC 100 . . . and the results are history.

For the past two years we continued our cola research based on actual marketing experience as well as tracking the consumers' attitude and awareness. The results have continued to encourage us. First, we tracked consumer attitudes on the coffee industry . . . the only source of decaffeinated consumption data.

Coffee data gives us a very logical picture of the potential DC RC market. Coffee is third only to water and soft drinks in terms of national per capita consumption.

While total cofee per capita has been stagnant since 1960, decaffeinated coffees have grown 425% and now represent 21% of the dollar share of the total coffee business, decaf coffees grew 28% just from 1979 to 1980.

In addition, the decaffeinated coffee market has seen three recent new brands entries: High Point from Procter and Gamble; Brim from General Foods, originators of Sanka; and Manor House Lite.

In 1980, decaffeinated coffee acounted for about 20% of coffee unit volume in food stores . . . up to 25% of instant coffees.

There are two types of users . . . exclusive users of decaffeinated and people who also drink regular coffee. The vast majority of volume comes from dual users.

Decaffeinated users come to drink decaf brands after being established regular coffee drinkers. Their motivation is always either for a health reason or voluntary conversion because of concern that too much caffeine makes them nervous or not sufficiently relaxed to sleep.

The most exciting figure of all . . . of the total population of the United States, 38.2% drink decaffeinated coffee.

1980 Simmons data indicates the close relationship of coffee consumption and cola consumption.

- 11% of the total adult population of the United States drinks decaffeinated coffee and diet cola. Of the 11%, 62.3% are female. That 11% of the population is the target consumer for RC 100 . . . more than 23 million strong.
- 24% of the U.S. population drink both decaffeinated coffee and regular cola . . . more than twice as many as those who drink decaf coffee and diet colas . . . and most are male — 52.1% — and are the heavier consumers.

In other words, 24% of the U.S. population — more than fifty-two million people — are predisposed toward the use of a regular cola that is caffeine-free and tastes good.

Our experience with RC 100 and independent research supports our belief that there is a huge untapped market of regular cola drinkers who are concerned over caffeine.

Let me emphasize again that 24% of the total United States population drinks both decaffeinated coffee and regular cola. This compares with 11% who drink both decaffeinated coffee and diet cola . . . more than twice as many.

survey results

Among the users of decaffeinated coffee and regular colas questioned, over one-third said they would definitely buy and one-third said they would probably buy a decaffeinated cola.

Stanford University recently completed a survey of attitudes, life styles, and purchase behavior. The study provides data taken from a national sample of adults 18 and over.

We have been able to correlate the data from people who drink regular soft drinks and who reported that they are concerned about caffeine in their diets.

The results suggest that the primary target for Decaffeinated RC is young — 18 to 29.

- 18% of young adults (18-29) are reported to be concerned about caffeine and drinking regular soft drinks
- consumption of soft drinks is higher for the 18-29 group that it is for the 30-plus group

Some life style characteristics for this group are:

- above average frequency of between-meal snacking and desserts
- below average in use of coffee
- enjoy sugar in their diet . . . as a source of energy
- future oriented . . . their greatest achievements are still ahead of them.
- particularly active in sports and social life demographically. These target prospect are:
- more educated — at least some college — 127 index
- more male . . . 111 index

You can see that this indicates a target group quite distinct from the RC 100 — Diet Rite user.

What is our attitude about caffeine?

We are in the product end of the business. Segmenting a market is wisest when it reflects actual consumer needs or tastes rather than stimulating them.

The health community should decide the future of caffeine. We have a health conscious consumer, and we provide the alternatives. Let him close his preference . . . In fact, RC, will always contain caffeine and so will Diet Rite. After all, when we introduced Diet Rite, we did not attack sugar but certainly satisfied the need of a growing segment of consumers.

How do we position decaffeinated RC?

It is another cola entry from Royal Crown with all the quality attributes of the rest of our line of fine products. It does not replace RC . . . in fact, it should compliment the image . . . with its taste and looks . . . by attracting new consumers to say RC and invite them to make a choice . . RC regular, RC 100, or Decaffeinated RC . . . the cola alternatives.

> ***"24% of the U.S. population drink both decaffeinated coffee and regular cola . . . more than twice as many as those who drink decaf coffee and diet colas . . . and most are male . . . and are the heaviest consumers." — Adamany***

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

APRIL 23, 1982

F ge Industry

MAF 2

PUBLISHED EVERY OTHER FRIDAY

Shipments of bev venders decline, 9%

SPECIAL REPORT — According to the latest figures from the Dept. of Commerce for 1980, manufacturers' shipments of vending machines for beverages totaled $207 million, a decrease of 9% from the 1979 figure of $227 million. Given these statistics, while remembering the 1979 decrease of approximately 15% over 1978, a vivid trend has begun to establish itself in this industry.

Industry observers point to the current high cost of money, compounded by the

(Continued on page 14)

BI Week

- U.S. Dept. of Justice is looking into the possible acquisition of Pabst by C. Schmidt & Sons on grounds that the deal may be anticompetitive. The acquisition became more probable when Pabst board recommended that the firm enter into negotiations. Schmidt upped its tender offer (from $16 to $20.50 per share).

- Schlitz—target of an acquisition attempt by Stroh's—has taken the position that it will fight the move. The Stroh offer ($16 per share for approximately two-thirds of the outstanding shares) is due to expire April 23 unless it is exptended. Insiders feel Stroh's will seek to hike the offer and extend it. They also expect Justice to take a close look at this proposed merger. Schlitz, meanwhile, reported first quarter profits were up 116%; barrelage for the period increased 2.3%.

- FDA has proposed major changes in its method of dealing with food additives and determining their safety. Under the terms of the new ruling, FDA would (1)clarify exactly what an "additive" is; (2)interpret the Delaney Clause to apply only when an additive itself has been shown to cause cancer, and (3)use "risk assessment" as one of the tools

(Continued on page 27)

Like
Like
Like
Like
Like
COLA
Like
Like
Like
Like

Like will be tested in a full range of packaging.

Like debut poses more questions than answers

By Paul E. Mullins
Editor

NEWS ANALYSIS — Seven-Up's decision to enter the cola market with a low caffeine product — expected for more than a year — raises more questions than it answers.

- Will a hard sell tactic which capitalizes on consumer concerns over caffeine work better than RC's more traditional approach?
- Is there a large enough market among this group to give the firm the hold it apparently feels it must have in the cola segment? Will they follow this debut with a sugar-free version?... with a regular cola?
- What will be the industry reaction to the firm's introductory ad program?
- If Like meets Seven-Up's test parameters, will the firm attempt to move it into additional markets?
- Why is Like being introduced now? Is it a

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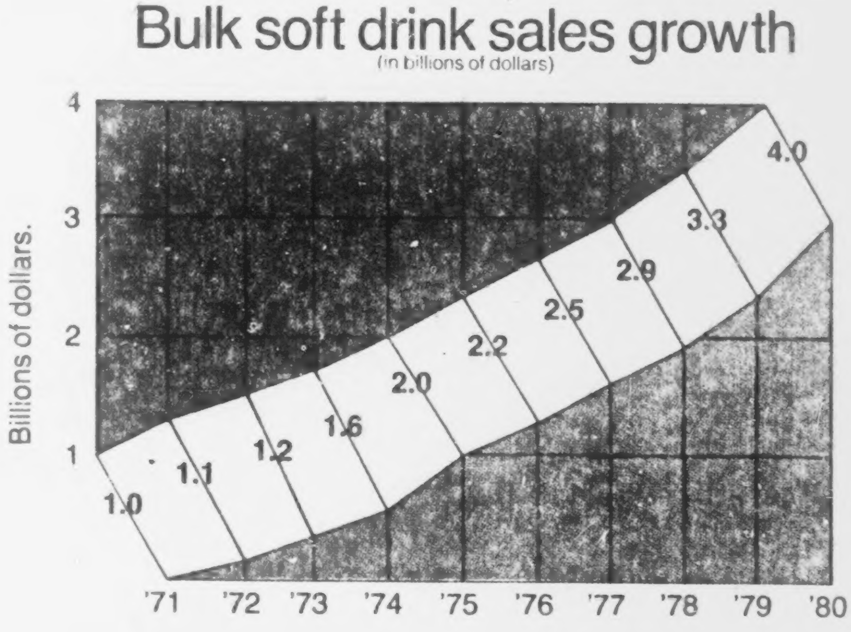


Source: NSDA sales survey 1971-1980

Copyright: Beverage Industry
April 23, 1982

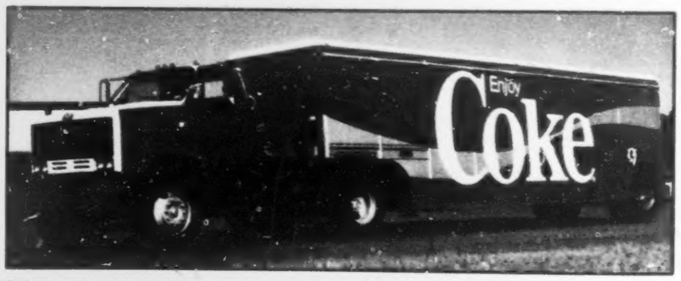
Fast food growth spurs bulk sales

By John Norton, Midwest Editor

SPECIAL REPORT — Bulk soft drink sales for 1980, advancing a respectable 4.9% according to NSDA's lastest sales survey, may mark the beginning of dramatic shifts in technology and the continued expansion of fast-food chains.

Outpacing individual growth in all other soft drink segments, success in bulk sales can be largely attributed to the increasing popularity and spread of fast-food units in the country. Though the restaurant industry has experienced sales decline in the past two years, soft drink fountain sales were not severely impacted because the fast-food sector of the restaurant industry was hurt less than other segments. A spokesper-

(Continued on page 8)



Silver contour strip can be used for fleet trailers.

Coke OKs new graphics for large size vehicles

ATLANTA, GA — Coca-Cola USA has approved a new graphics option for large delivery vehicles. The new paint scheme is the first approved option to the grapics standards adopted in October, 1969.

Provided the word "Coke" is in letters at least six ft. tall, bottlers can now paint the white contour curve in silver on their big trucks. This is the only case in which silver is permitted, according to Henry Brandes, design director for Coca-Cola USA.

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Contents

Vendor shipments decline 9%

1980 figures from the Dept. of Commerce reflect a 9% decrease in the shipment of vending machines from the 1979 figure of $227 million. Industry observers are blaming the high cost of money as well as vending purchasers' uncertainty about electronic vending. For details and charts see story on **page 1.**

1980 bulk sales up 4% over '79

The continued expansion of fast-food chains in addition to dramatic shifts in technology are credited with the reported growth in bulk soft drink sales. According to NSDA's latest sales survey, bulk sales were up 4.9% in 1980 over the previous year. For more details, see **page 1.**

A&W rolls out new ad campaign

A&W, the number one root beer, recently rolled out a new ad theme in three tv commercials and radio jingles. "Get that frostie mug sensation" is the new tag line for a campaign that is costing A&W $10 million. For details and storyboard, see **page 4.**

Heineken, Amstel get record ad $

Van Munching & Co., importers of Heineken and Amstel Light, report that the two brands will receive the largest marketing support in the brands' histories. For reasons for the increase and what's entailed, see **page 6.**

Refurbishing vendors with 3M decals

Quickly replacing spray booth painting as a means of refurbishing old vending machines, vinyl decals from 3M are making a hit with vending service managers. Read about who's doing it and why in articles beginning on **page 13.**

Wine consumption to rise by 7%

Consumption of wine is expected to rise 7% over the next few years, assuming that there will be no changes in Federal excise tax rates. This was predicted by Raymond R. Herrmann, Jr., president of Foremost-McKesson, Inc. He also expects spirits to remain stable. See **page 16.**

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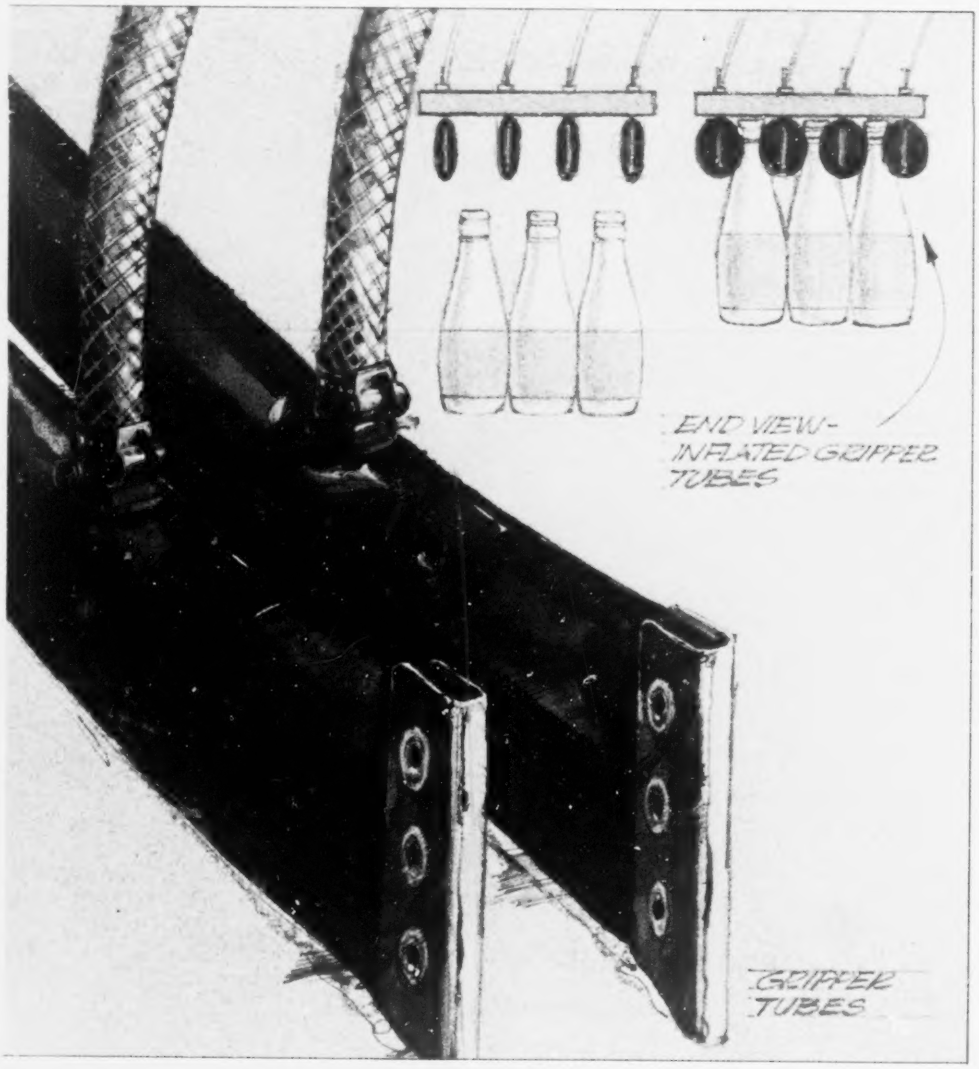

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Bulk Sales

(Continued from page 1)

son for the National Restaurant Assn. (NRA) attributed trading down by consumers as giving economic mobility to these chains.

Further opportunities for expansion of the fountain market may come with the expectations of industry observers for continued development of fast-food chains and the potential for significant real sales growth in the restaurant industry. The installation in other types of retail outlets provides another avenue for growth. The Southland Corp. has placed fountains in most of its nearly 7,000 7-Eleven convenience stores. Further down the road, there is speculation that home mixing and dispensing units will provide yet another outlet for sales of the post-mix syrup used in fountains.

The dominant factor in the fountain market is Coca-Cola, with a lead of almost three-to-one over Pepsi-Cola, according to industry observers.

Due largely to the company's unique marketing approach, fountain sales account for about 33% of Coca-Cola's total U.S. volume. In its franchise bottler agreements, the company has always maintained the right to service fountain accounts directly, thus keeping this sector under the control of corporate headquarters.

Another part of Coca-Cola's success stems directly from the presence of its product in most McDonald's stores, reflecting that firm's approval of the brand for use in all company-operated or franchised units. Other than McDonald's, few if any, restaurant firms have the power to influence the choice of soft drink brands by franchises.

competition

Coca-Cola's dominant position is not taken lightly by Pepsi-Cola who has begun mounting pressure to even up the three-to-one ratio. Competition revolves around gaining installations, rather than on short-term promotions in food stores. Pepsi-Cola now has a separate food service division to organize fountain marketing efforts. Among those outlets that already carry Coca-Cola and are not interested in a competing cola, such as Pepsi, the attempt is to increase acceptance of Mountain Dew.

Dr Pepper has also been active in its attempts to expand its fast-food affiliation and estimates its fountain availability to consumers at more than 40%.

Thomas L. Kalahar, executive vice president of marketing operations for Dr Pepper, evaluated his company's position in the trade and fountain market by stating, "It's dangerous to make generalizations, but let's make an attempt, recognizing there are exceptions to everyone. First, except in a few of Dr Pepper's strongest markets, our brands are not viewed by the trade as key brands that are part of their regular merchandising cycles. Second, the trade is not aware of the size and relative importance of Dr Pepper, both within the soft drink industry and compared to other categories. Third, there are no strong negative trade attitudes about Dr Pepper that we have to overcome. Fourth, and perhaps most critical, Dr Pepper is not as successful as its major competitors in getting major merchandising support from the trade."

Dr Pepper fountain syrup is

How to make some newfangled soft drinks with good old-fashioned taste appeal.

There's only one way to get all the right qualities in quantity into your soft drinks. And, it's easy.

You've got to have the right ingredients worked and re-worked into the right kinds of formulations by people who know from experience what makes for real taste appeal in a soft drink.

We're those people. Over 100 years of flavor know-how and innovation backs up our beverage flavors. They have everything it takes to put your products up front in today's soft drink market . . . and keep them there.

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You'll soon discover that all of our beverage flavors have that good old-fashioned taste appeal . . . and they'll build some newfangled sales for you, too.

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Cola
Creme Soda
Ginger Ale
Grape
Grapefruit
Lemon
Lemon-Lime
Orange
Punch
Root Beer
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sold to post-mix users by bottlers, through the national account delivery system (NADS), third party operators, and direct. Kalahar stated, "No other syrup company is as complex because Dr Pepper has tried to accomodate all possible situations. For existing fountain consumers, the focus shifts to increasing volume on Dr Pepper. With established operators, the primary means of stimulating growth is with promotions."

While the marketing battle for dominance wages, an innovative front of technology has surfaced in bulk soft drinks. Leading this new offensive in fountain systems is the plastic bag-in-box transfer tank. Though many problems, such as gas migration, have been solved, bag-in-box is very much in its infancy and questions concerning pressure barrier and retrofiting costs still need answers.

Yet those involved with the new transfer system are reticent to speak and consider all new applications proprietary knowledge. Anthony J. Tortorici, manager of public relations for Coca-Cola USA, commented on his company's involvement with bag-in-box by stating, "The whole area of new products and packaging is so competitive that as a matter of policy we do not comment on any speculation dealing with that (bag-in-box) subject."

The McDonald's Corp., Coca-Cola's right hand in fountain sales, also remains mute on the subject. A company spokesperson for the chain stated, "We are doing a slight evaluation on the system but do now wish to discuss the process we are going into at this time because of the proprietary nature. We are looking at it (bag-in-box) but do not want to discuss how long we've been evaluating or how many people are involved."

Though new market applications are shrouded in secrecy, manufacturers of the system are extolling its virtues. B-Bar B, Inc., is marketing a post-mix process called the Syrup-Pak System that reportedly generates cost savings from 25% to 45% over stainless steel transfer tanks. With no modifications necessary to standard beverage dispensers, the Syrup-Pak system centers on the five gallon bag, filled on the company's high-speed liquid filler, placed in a corrugated box designed for shipping strength and efficient palletizing. The company offers a unique "Kwik-Konnect" system that allows for a sanitary hookup to the beverage line.

B-Bar-B's semi-automatic flow meter liquid filler can fill up to five packages a minute. The company reports the filler accurate within .1 oz. while filling 8 qt. thru 12 gallon containers.

Liqui-Box Corp. has been manufacturing bag-in-box packaging for over 20 years and is reportedly the largest supplier of this process to the dairy industry.

Kenneth V. Harlow, product manager for Liqui-Box, said, "We anticipate the soft drink industry will also become a convert to the bag-in-box concept for packaging post-mix syrup. The ease and cleanliness of the filling sequence, the space and capital savings to the bottler and the elimination of returnables are the major reasons we believe bottlers will want to convert to this method of packaging."

The company's "QC/D" system reports to be the most economical system on the market. The system's connector

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allows the opening and reclosing of bags with no drippage, while keeping all product contact surfaces away from possible contamination. The system further allows the self-contained "teeing" of multiple bag units for high volume, fast moving flavors without any additional hardware of appliances. The system is currently in both field and lab testing with a number of major companies.

The Susi Corp., working with McCann Engineering on the development of its pump and with Scholle on filling and shelf life testing of its bag, has invested four years of research and testing to produce a top evacuation system for bag-in-the-box.

Charles Huffman, president of the Susi Corp., said, "While we strongly recommend top evacuation, we are anxious to work with anyone desiring to use Bag 'N Box for top or bottom evacuation. Along these lines, we have just concluded testing on a corrugated box we designed for top or bottom evacuation."

The Scholle Corp. has manufactured a series of automatic flow meter type machines specifically geared to bag-in-box. The company's high speed fillers are all stainless steel. All fillers can be cleaned in place and come with simplified controls for easy maintenance and less downtime. The fillers are available in single head, dual head and webbed with conveyor, table or can be installed over existing conveyor.

Supporting the latest development of bag-in-box in the bulk market are new lines of dispensing systems. Sitco Stainless Ice-Trainer Co. has developed both pre-mix and post-mix dispensers that strive to blend versatility and ease of installation. The company reports its Tri-View dispensing tower leads the industry in advanced styling and design. The Tri-View offers customer trade-mark identification from any viewing angle with the ability to be mounted as a remote dispenser.

Electronic Dispeners International has begun marketing a post-mix dispenser called Bar 12. The dispenser can dispense 12 brands from flex-holes, pouring 1 oz. per second. The system automatically resets to the regular pour mode after each drink.

The Jet Spray Co. has adapted its system to two unique applications, Tea Jet and Jet Shake. The Tea Jet instant tea dispenser serves cool glasses of iced tea made from instant unsweetened tea at a rate of 1.5 oz. per second. The Jet Shake dispenser mixes, refrigerates, circulates, whips and delivers a milk based shake beverage. An inverted U-shaped paddle rotates around the refrigerated stainless steel dome and eliminates any unsanitary shaft seal conditions.

Booth, Inc., leads its line of dispensing equipment with high pressure post-mix and pre-mix units in the form of the Titan III and the Bronco. Both dispensers have four or five separate valves, plus a soda water tap. Each valve has a syrup and water inlet which allows carbonated drinks to be dispensed.

● For more information on **B-Bar-B**, circle no. 501 on reader service card; for **Susi Corp.**, no. 502; for **Mc Cann Engineering**, no. 503; for **Scholle**, no. 504; for **Sitco**, no. 505, for **Liqui-Box**, no. 506; **Electronic Dispensers**, no. 508; for **Jet Spray**, no. 509; for **Booth**, no. 510.

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1980 Operating ratio report
Analysis of gross profit and sales statistics by product

	Composition of sales at retail			Average sales per machine		
	1980	1979	1978	1980	1979	1978
Cigarettes	10.9%	12.2%	11.8%	$2,674	$2,582	$2,517
Candy, nuts, gum	7.3	7.9	7.5	2,713	2,478	2,004
Cold cup beverages	7.5	7.5	7.0	4,465	3,843	3,422
Hot cup beverages	10.2	11.0	11.8	4,034	4,045	4,023
Ice cream	.3	.3	.5	1,604	1,339	1,350
Milk	2.8	3.3	3.3	3,474	3,403	3,248
Sandwiches, salads, entrees	4.9	5.4	5.3	4,178	4,275	4,051
Pastry and snacks	7.0	6.6	5.7	3,228	3,015	2,654
Hot canned soups & food	1.1	1.3	1.4	1,879	1,660	1,876
Bottled and canned drinks	5.4	5.0	4.4	5,350	5,670	4,871
Misc, vending machines products	3.0	3.3	2.6	—	—	—
Total or averages for above	60.4%	63.8%	61.3%	$3,502	$3,266	$3,029
Sales other than through machines	39.6	36.2	38.7			
Total sales	100.0%	100.0%	100.0%			

Source: NAMA

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April 23, 1982

Profit analysis for 1980
(based on reported sales volume categories)

	Less than $750,000	$750,000 to $1,999,999	$2,000,000 to $9,999,999	$10,000,000 or More
Sales at retail	100.0%	100.0%	100.0%	100.0%
Cost of sales	51.1	50.1	49.4	44.7
Total operating expenses	45.6	47.9	47.0	53.4
Operating profit	3.3%	2.0%	3.6%	1.9%
Les interest expenses	1.7	1.0	1.1	.4
Other income or charges (net)	1.9	1.2	.6	1.8
Profit before income taxes	3.5%	2.2%	3.1%	3.3%

Source: NAMA

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Vended hot drinks

	1970	1978	1979	1980
Total dollar volume	$ 451,795,000	$1,023,000,000	$1,059,000,000	$1,142,000,000
Total unit volume	3,945,804,000	4,920,000,000	4,926,000,000	4,820,000,000
Weekly unit volume	322	355	352	344
Machines on location	245,081	266,400	269,100	264,500
Product share of unit sales				
coffee		78%	71%	70%
hot chocolate		14%	22%	22%
Soup		3%	3%	3%
Tea		2%	2%	2%
Decaffeinated coffee		3%	2%	3%
Vended prices/sales share				
15¢		8.3%	9.7%	4%
20¢		73.2%	61.3%	54%
25¢		12.5%	25.9%	34%
Over 25¢		6.0%	3.1%	8%
Type of coffee (% of total volume)				
Fresh brew		63%	64%	62%
Instant		5%	2%	1%
Freeze-dried		35%	34%	34%
Decaffeinated coffee		1.5%	2%	3%
Other products (% of operators using)				
Hot chocolate		93%	97%	96%
Soup		69%	83%	81%
Tea		62%	75%	73%
Decaffeinated coffee		43%	51%	54%

Source: Vending Times

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April 23, 1982

1980 vended product volume

Product	Percent share	Dollar volume
Hot drinks	8.2%	$1,142,000,000
Cup cold drinks	7.1%	980,000,000
Canned cold drinks	19.8%	2,742,000,000
Bottled cold drinks	9.0%	1,255,000,000
Packaged confections/snacks	13.3%	1,850,000,000
Bulk vending	3.4%	470,000,000
Milk	2.3%	322,000,000
Ice cream	0.5%	68,000,000
Pastries	1.9%	260,000,000
Hot canned foods	1.1%	151,000,000
All-purposed vendor foods	4.6%	636,000,000
Cigarettes	22.9%	3,175,000,000
Cigars	0.2%	23,000,000
All other	5.7%	790,000,000
Totals	100.0%	$13,864,000,000

Source: Vending Times

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1980 Operating ratio report
Composite average of all operators reporting related data

	1980	1979
Sales at retail	100.0%	100.0%
Cost of sales	45.5	46.2
Gross profit	54.5%	53.8%
Total operating expenses	52.4	50.1
Operating profit	2.1%	3.7%
Other income	1.1%	1.2%
Profit before income taxes	3.2%	4.9%

Source: NAMA

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April 23, 1982

Vending

(Continued from page 1)

vending purchaser which seems uncertain about electronic vending. The hesitancy of potential vending buyers may be a fear of the technology itself: Are the bugs out of the machines available in the market? Will developments push costs to an unattainable level?

Leo Levasseur, executive vice president and general manager for Coin Acceptors, Inc., says, "Like every other industry, technology is advancing. But the cost and reliability of performing a service for the customer is best done with a properly designed electronic system. We feel there is a balance that can be realized in electronic venders". Levasseur's balance takes form in creating a vending unit that weighs cost, complexity and reliability against the target objective. "You can take advantage of technology but you have to know how far to go."

Coinco's designs in accountability and management information systems (MIS) allows the vendor complete control over the unit. The company's line of changers can be adapted to the majority of working units to offer the latest in electronic vending technology.

The need for electronics in vending is given a persuasive argument when citing the management information available.

When a vend is made in the coin changer a total dollar sales readout is accounted, complete with cash sale, type of product vended and time of purchase. In addition, most electronic systems can eliminate theft from the cash box, unapproved price changes, and substitutions of unauthorized merchandise. Though this information may be a boon to many venders, the need of this type of operation must be considered individually.

The basic task of all vending machines is to efficiently service both customer and owner. A customer must be able to quickly get in and out of a vending system what he needs. An owner must be able to retrieve information from the machine to achieve the most efficient use of his people, time and investment.

(Continued on page 16)

Vended cup cold drinks

	1970	1978	1979	1980
Total dollar volume	$ 379,623,000	$ 750,000,000	$ 892,000,000	$ 980,000,000
Total unit volume	3,272,615,000	3,907,000,000	4,113,000,000	4,115,000,000
Weekly unit volume	325	345	360	360
Machines on location	209,783	217,800	219,700	219,800
Vended prices/sales share				
15¢		39%	9%	3%
20¢		42%	54%	38%
25¢		15%	32%	46%
30¢		4%	4%	9%
Over 30¢		—	1%	4%
Diet drink share				
(% of operators using)		78%	88%	90%
(% of cup cold drink sales)		7%	9%	11%

Non-national brand flavors: 1980

23% of cup drink operators offer non-national brands flavors

6% of total cup drink volume is from non-national brand sales

Source: Vending Times

Copyright: Beverage Industry
April 23, 1982

Vended can cold drinks

	1970	1978	1979	1980
Total dollar volume	$ 420,226,000	$1,890,000,000	$2,441,000,000	$2,742,000,000
Total unit volume	2,401,290,000	6,290,000,000	6,975,000,000	7,140,000,000
Weekly unit volume	175	180	185	183
Machines on location	263,876	672,000	725,000	750,000
Vended prices/sales share				
25¢		20%	4%	1%
30¢		62%	5%	2%
35¢		15%	65%	44%
40¢		3%	22%	34%
Over 40¢		—	4%	19%
Diet drink share				
(% of operators using)		89%	95%	95%
(% of canned cold drink sales)		9%	11%	13%

Source: Vending Times

Copyright: Beverage Industry
April 23, 1982

Vended bottle cold drinks

	1970	1978	1979	1980
Total dollar volume	$ 697,029,000	$1,075,000,000	$1,193,000,000	$1,225,000,000
Total unit volume	5,163,176,000	4,250,000,000	4,553,000,000	4,435,000,000
Weekly unit volume	130	100	107	104
Machines on location	827,432	817,300	814,300	829,000
Vended prices/sales share				
20¢		11%	10%	6%
25¢		72%	70%	62%
30¢ and over		17%	20%	32%
Diet drink share				
(% of operators using)		27%	31%	33%

Source: Vending Times

Copyright: Beverage Industry
April 23, 1982

Vending

(Continued from page 11)

In realizing these fundamentals, electronics must not interfere but act simply and efficiently.

Coinco's work with CMOS (complimentary metal oxides semiconductors) logic controllers allows a vending unit to do just that. Levasseur notes that "when you install this type of unit, a machine is able to do what it did before but with fewer switches, wires and relays."

A unit can be molded or retrofitted into whatever the customer needs, even visual readout or audio sound back. With electronics' ability to satisfy most desires of vendors, price control must come from the customer identifying his specific need and not by letting the technology run away with his wallet.

Though vending shipments have dropped for the year, vending activity seems to be running at an accelerated pace. Anticipation of new and retrofitted units may decrease shipments in the next year, but the existing marketplace of vending will see a burgeoning of new developments.

- For more information on **Coin Acceptors,** circle no. 542 on reader service card.

Operating expense

(as a percentage of sales)

	1980	1979
Salaries, commissions to servicemen	11.5%	10.6%
Machine maintenance — labor costs	2.7	2.8
All other salaries, wages, etc.	10.2	9.8
Total payroll*	24.4%	23.2%
Maintenance cost of vending machines	1.2	1.2
Location rental payments (commissions)	7.1	7.6
Depreciation or rental for vending machines	4.0	4.0
Other depreciation (except building)	1.4	1.1
Truck and automobile expense	2.0	1.7
Sales tax	2.9	2.9
Taxes, other than sales, federal and state income taxes	.5	.5
Insurance, all types	.5	.5
Building and garage rental or expense	.7	.7
Corporate overhead expense	1.9	2.2
All other expenses	5.8	4.5
Total operations expenses	52.4%	50.1%

*Includes fringe benefits and payroll taxes
Source: NAMA

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April 23, 1982

Wine consumption to rise 7%: Herrmann

NEW YORK — Assuming no changes in Federal excise tax rates, Raymond R. Herrmann, Jr., president of Foremost McKesson, Inc., expects consumption of spirits to remain stable, wine to increase 7% and beer to rise 2% per year, 1981 to 1985.

Herrmann told securities analysts at the Lehman Brothers Kuhn Loeb Beverage Seminar held here recently that he expects prices of spirits to rise 4%, wine up 8% and beer up 6% per year over the same period.

Alcoholic beverages growth areas include vodka, rum, brandy, cordials, tequila, wines (mostly white) and imported beers, according to Herrmann. In the beer category, for example, he anticipates a 2% growth in U.S. consumption of domestically produced beer, a 10% growth in imports and a 2% overall growth per year from now to 1985.

But, what if the Federal government does raise excise taxes, perhaps to double their current level?

Herrmann said, first of all, that increased taxes will probably not affect total consumption of alcoholic beverages. Second, the effect of higher excise taxes will be more severe for the industry during the first year, after which the shock will wear off.

Third, Herrmann said that even a doubling of excise taxes on wine and beer would be "almost meaningless" in terms of unit price. The tax would impact spirits far more. However, the wholesaler and retailer may experience enough of a pick up in dollar sales per unit to make up for fewer units sold.

Finally, he said, the tax would mean that more consumption of alcoholic beverages would take place at home rather than at restaurants and bars.

IBWA readies for annual

WASHINGTON, DC — The 24th annual International Bottled Water Association Convention Trade Show will be held here at the Hyatt Crystal City hotel on October 14-16, 1982.

The show will feature exhibitors of all bottled water products including bottles, filling lines, labels, cappers, equipment and other products.

Invited members of Congress, regulatory leaders and business consultants will be included as speakers and in educational sessions.

For information on reserving exhibit space or convention registration, call or write: International Bottled Water Association, 1010 Vermont Ave., Washington, DC, 20005; (202) 638-4157.

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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Nov. '81	Dec. '81	% change
Bottles	24,041	23,272	(3.2)
Beverage: refillable	375	360	(4.0)
nonrefillable	4,090	3,681	(10.0)
under 10 oz	73	61	(16.4)
10.0 to 15.9 oz	1,214	1,176	(3.1)
16.0 to 16.9 oz (includes .5-L)	2,312	1,975	(14.6)
17.0 to 33.9 oz (includes 1-L)	491	469	(4.5)
34.0 oz and over (includes 2-L)	—	—	—
Beer: refillable	188	132	(29.8)
nonrefillable	7,987	8,065	1.0
under 11 oz	1,312	1,052	(19.8)
11.0 to 15.9 oz	6,249	6,528	4.5
16.0 and over	426	485	13.8
Liquor:	1,230	1,117	(9.2)
Under 125 ml (4.23 oz and under)	89	100	12.4
126 to 275 ml (4.24 to 9.3 oz)	284	268	(5.6)
276 to 500 ml (9.31 to 16.9 oz)	165	148	(10.3)
501 to 800 ml (16.91 to 27.04 oz)	300	234	(22.0)
801 to 1000 ml (27.05 to 33.80 oz)	250	229	(8.4)
1001 ml and over	142	138	(2.8)
Wine:	662	711	7.4
126 to 500 ml (4.24 to 16.9 oz)	100	145	45.0
501 to 800 ml (16.91 to 27.04 oz)	300	300	0.0
801 to 1000 ml (27.05 to 33.8 oz)	225	227	1.0
1001 to 1600 ml (33.81 to 54.08 oz)	—	—	—
Over 1600 ml (over 54.08 oz)	38	39	2.6

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	Nov. '81	Dec. '81	% change
Metal (for spirits, wines)	40,875	44,536	9.0
Plastic (for spirits, wines)	104,686	78,619	(24.9)
Metal crowns (beer and soft drinks)	15,780	17,314	9.7
Soft drink (convenience types)	1,220	1,576	29.2
Soft drink (conventional types)	3,711	4,807	29.5
Beer (convenience types)	8,847	7,765	(12.2)
Beer (conventional types)	2,002	3,166	58.1
All other metal closures other than crowns	4,232	4,033	(4.7)

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	Dec. '81	Jan. '82	% change
Beer*	11,727,962	12,111,128	3.3
Whiskey	6,616,860	4,913,785	(25.7)
Brandy	519,611	461,742	(11.1)
Gin	385,131	291,493	(24.3)
Rum	43,779	34,654	(20.8)
Cordials and liqueurs	910,846	630,671	(30.8)
Others	640,331	678,862	6.0
Total	**20,844,520**	**19,122,335**	**(8.3)**
Sparkling wines	439,973	534,751	21.5
Still wines, table	10,002,875	9,159,316	(8.4)
Still wines, fortified	296,867	159,218	(46.3)
Vermouth	282,162	215,138	(23.8)

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price Index

(The year 1967 equals 100)

	Nov. '81	Dec. '81	% change
Cola	296.1	295.7	(1.1)
Other carbonated soft drinks	139.3	137.2	(1.5)
Noncarbonated drinks	136.4	137.1	0.6
Wine	203.6	203.5	0.0
Beer and ale	237.4	238.0	0.2

Sweetener data

(Cents per pound, dry basis)

	Oct. '81	Nov. '81	% change
HFCS wholesale prices			
California	20.21	20.21	0
New York	19.72	19.72	0
Chicago-West	19.72	19.72	0
Beet sugar wholesale prices	25.41	25.41	0
Dextrose wholesale prices			
California	28.64	28.64	0
New York	27.17	27.17	0
Chicago-West	27.17	27.17	0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Oct. '81	Nov. '81	% change
Bottles and cans	12,047,325	10,763,745	(10.7)
Barrels and kegs	1,797,036	1,623,312	(9.7)
For export	224,901	198,420	11.8
Other	14,512	11,833	(18.5)
Total	**14,608,925**	**12,597,310**	**(13.8)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	Sept. '81	Oct. '81	% change
Still wines (bulk)	106,702	238,592	123.6
Still wines (bottled)	31,356,476	36,162,558	15.3
Effervescent wines (bulk & bottled)	2,112,915	4,519,731	113.9
Total	**33,571,093**	**40,920,881**	**21.9**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	July '81	Aug. '81	% change
Whiskey	12,810,574	12,041,841	(6.0)
Brandy	1,239,173	1,094,227	(11.7)
Rum	1,698,631	1,957,352	15.2
Gin	3,281,320	3,047,178	(7.1)
Vodka	8,426,356	7,152,538	(15.1)
Cordials and liqueurs	2,530,209	2,316,801	(8.4)
Cocktails and mixed drinks	733,591	737,483	0.5
Total	**30,719,854**	**28,347,420**	**(7.7)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	Oct. '81	Nov. '81	% change
Plastic bottles (blow-molded)	1,275,276	1,201,025	(5.8)
Carbonated beverages*	174,949	175,372	0.2

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Department of Commerce
Bureau of the Census

Copyright: Beverage Industry
April 23, 1982

STATISTICAL REF INDEX
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TER □ WINE □ POWDERS □ JUICES □ SPIRITS
MAY 7, 1982
'age Industry
MARKETING □ DISTRIBUTION □ TECHNOLOGY
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O-I promotes "Thirst for Adventure"

By Paul Mullins
Editor

TOLEDO, OH – Owens-Illinois, located here, has come up with another summer contest to help promote the sale of single-service Plasti-Shield bottles. In addition to hundreds of smaller prizes which can be won, the grand prize is a choice of a "white water" raft expedition, a cruise, or a trip to a dude ranch or luxury lodge.

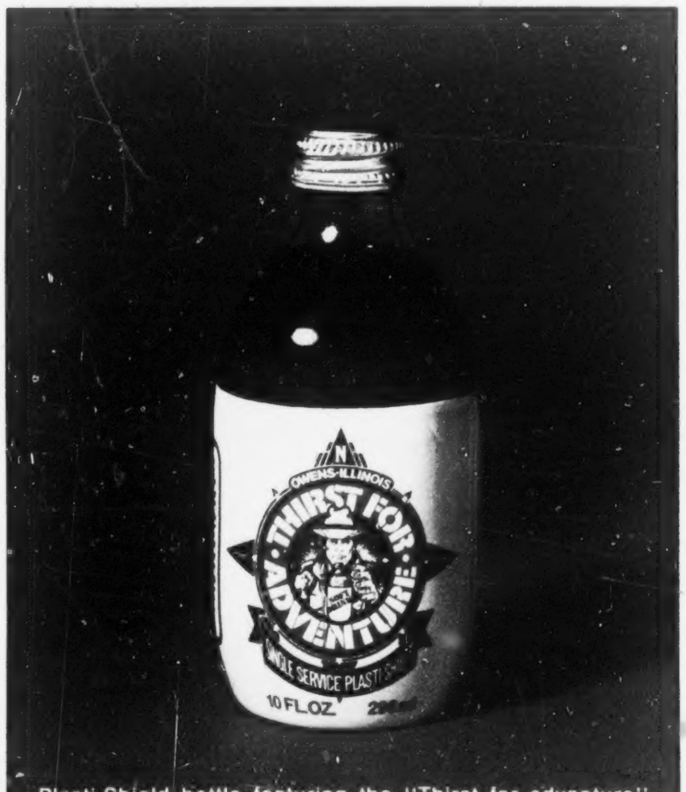
"Thirst for adventure" is the contest's theme, capitalizing on the popularity of adventure movies such as "Raiders of the Lost Ark," etc. Participants – 10 employees at each plant – will be given tee-shirts with a "TFA" logo *(see Plasti-Shield bottle, below)* and explorer hats as they embark on the two stage contest.

Part one of the contest is basically a "best display or promotion" competition. Deadline for this adventure is July 20 and winners will be announced August 2.

Part two of the competition ends October 20. This phase involves overall promotion – including displays, vending, merchandising, etc. – of the Plasti-Shield package.

"Thirst for adventure" will be conducted basically in the

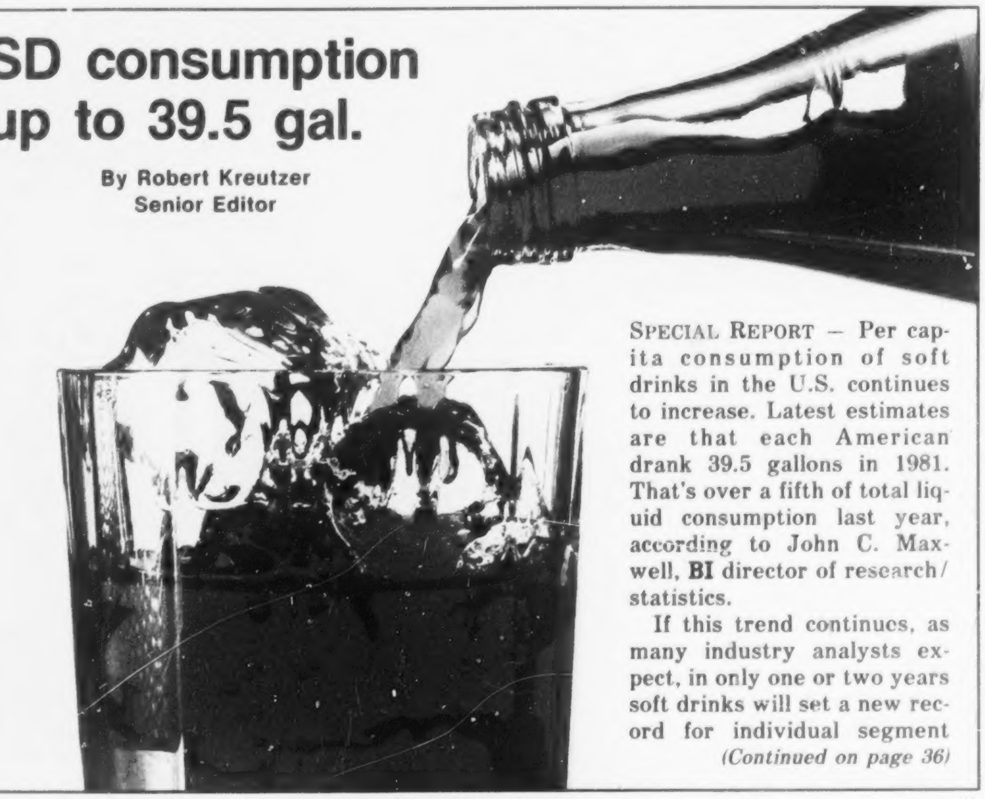
(Continued on page 8)



Plasti-Shield bottle featuring the "Thirst for adventure" theme, of O-I's latest contest pushing Plasti-Shield sales.

SD consumption up to 39.5 gal.

By Robert Kreutzer
Senior Editor



SPECIAL REPORT – Per capita consumption of soft drinks in the U.S. continues to increase. Latest estimates are that each American drank 39.5 gallons in 1981. That's over a fifth of total liquid consumption last year, according to John C. Maxwell, **BI** director of research/statistics.

If this trend continues, as many industry analysts expect, in only one or two years soft drinks will set a new record for individual segment

(Continued on page 36)

Pabst, Schlitz in acquisition struggle

By John Norton
Midwest Editor

SPECIAL REPORT — In the wake of recent acquisitional activity concerning Pabst and Schlitz, many brewers are beginning to realize that survival may mean how well they can play the merger game in an industry that has established itself as an oligarchy.

Operating is the shadow of Anheuser-Busch and Miller Brewing, many brewers have been faced with strong competitive pressures that compounded with an erratic economy, a smaller company cannot endure. Battling A-B and Miller, who together control 52% of the U.S. market, smaller operations justifiably fear standing alone armed with only an 8% market share or less, each. Brewers who seek a long-term existence in the

(Continued on page 27)

BI Week

- **Coke reportedly will offer a major promotion this summer tying in with Atari. Details could not be obtained at presstime; expect announcement in mid-May.**

- **South Atlantic Canners may be next co-op (Coke bottlers in the Carolinas) to self-manufacture PET containers. Members reportedly have approved fund expenditure to erect a new building. Industry sources say that the group plans to manufacture one-piece containers under a licensing agreement with Continental Can.**

- **Meanwhile, sources also report that Continental may be considering shelving its own one-piece licensing program. High price of resin is one reason cited; the other is that lightweighting is more practical with the two piece bottle.**

- **Sapporo Brewery, which last year became the first brewery in the world to introduce beer in PET has expanded the package: a 340 ml, keg-shaped bottle with a pedaloid bottom and easy-open, wide mouth finish. Resin is supplied by Toray Co., and bottles are supplied by Yoshino**

(Continued on page 55)

Gallo still number one; wine shipments up 7%

NEW YORK, NY – E.&J. Gallo remained the number one winery in the U.S. last year by a wide margin. Impact Databank statistics show Gallo shipped 131.4 million gallons in 1981, 7.5% above 1980.

Total U.S. wine shipments in 1981 are estimated at 509.1 million gallons. The 10 largest domestic wineries accounted for 333.7 million gallons. Total shipments rose 7.0% in 1981 over '80. Shipments from the top 10 were up 4.0%.

Ranked number four, The Wine Spectrum (Coca-Cola) posted the largest year-to-year shipments increase of the top 10. It sold 27.4 million gallons, up 24.0% from 1980. Most of that growth, according to Impact, came from shipments of the Taylor California Cellars line. These brands sold 6.9 million cases of 2.4 gallons each in 1981, almost twice the 1980 level.

Heublein's United Vintners, ranked number two, sold 50.3 million gallons last year, off 4.0% from the previous year. Almaden (National Distillers) also was off last year, for the first time in its history. Almaden, number

(Continued on page 40)

US wine exports up 36.3% in '81

SAN FRANCISCO, CA – Exports of wine produced in the U.S., over 90% of which comes from California, jumped to a record 10.7 million gallons in 1981, a gain of 36.3% over 1980, according to the Wine Institute.

Several countries reached significant milestones in 1981. Canada, for many years the largest export market for American wine, maintained that position by importing more than 5.5 million gallons in 1981, an increase of 20.3% over the previous year. England posted a 108.5% gain, to 1.1 million gallons; its third consecutive year of triple-digit percentage increase.

Colombia, ranked 20th in

(Continued on page 38)

Contents

Pabst, Schlitz merger struggle

The Pabst, Schlitz acquisition struggle has made it apparent that survival for the smaller beer co.'s may depend on how well they can fit into the merger picture. With A-B and Miller controlling 52% of the U.S. market, industry observers feel merger may be the only way for smaller breweries to handle the growing competitive pressure from the two industry giants. BI gives more insight on this problem on **page 1.**

SD consumption per capita rises

Soft Drinks' per capita consumption is still rising in the U.S. market. Figures for 1981 show soft drinks as the most consumed beverage, at 39.5 gallons per capita. Soft drinks accounted for one fifth of liquid consumption last year, and many industry observers feel the figure will increase over the next few years. The likelihood is strong that soft drinks will set a new record for individual segment per capita consumption. For a detailed report and complete statistical review, see **page 1.**

Glass, metal containers up

The glass and metal container industries are expected to show better performance this year, despite the threat of plastic containers. Arthur M. Stupay, industry analyst for Prescott, Ball and Turben, forecasts that glass will stay strong due to the Plasti-Shield bottle, while cans should rise slightly with the beer market. For details, see **page 4.**

Pittsburgh Brewing turns losses into $

The Pittsburgh Brewing Co. has been profitable for the last three-and-a-quarter fiscal years following eight straight years of losses, and is involved in a merger with Pabst. What kind of company is Pabst getting? To find out how Pittsburgh turned losses into profits, see **page 10.**

Pabst installs keg handling system

The Pabst Brewing Co. has installed a keg handling system at its Milwaukee facility designed to increase production, while reducing manpower requirements. For details, see **page 28.**

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Price changes: glass versus cans

Producers Price Index, 1967=100

	Glass Containers		Metal Cans	
	Index	% Change	Index	% Change
1970	120.9			
1971	131.6	+ 8.9	122.0	− 3.7
1972	135.1	+ 2.7	129.3	+ 8.0
1973	138.9	+ 2.8	136.0	+ 5.2
1974	155.5	+12.0	164.7	+21.1
1975	179.7	+15.6	194.6	+18.2
1976	200.0	+11.1[a]	205.0	+ 5.3
1977	214.2	+ 7.0	219.6	+ 7.0
1978	244.4	+14.1	245.4	+11.7
1979	261.2	+ 6.9[c]	271.4	+10.6
1980	292.7	+12.1[c]	302.4	+11.4[c]
1981P	328.5	+12.2	318.1	+ 5.2[c]
1981/70 Avg. Ann.		+ 9.5%		+10.1

a. PBT estimated the increase at 8.7% due to beer discount
b. increase 1981/71.
c. Effective increase significantly lower due to discounting

Source: Prescott Ball & Turben

Copyright: Beverage Industry, May 7, 1982

Glass, metal containers up despite plastic threat

CLEVELAND, OH—This year, the glass and metal container industries should show improved performance, despite the continuing threat of plastics. Arthur M. Stupay, industry analyst here at Prescott, Ball and Turben, forecasts an increase in operating rates as capacity is reduced by several container companies in 1982. This, he says, should permit firmer prices and higher profit margins.

Glass containers should be especially strong in soft drinks as the Plasti-Shield bottle gains in both the 10 and 16 oz. markets. Stupay assumes that the .5-L PET bottle will grow slowly until the problems of limited shelf life, taste distortion and cost are overcome.

Cans volume should rise slightly this year, with beer the strongest end-use market. Another factor that will aid some container companies, according to Stupay, is that continued divestiture and diversification will move resources from low margin businesses to higher ones. This, he says, will certainly be true for American Can, Continental Group and Owens-Illinois.

The possible passage of mandatory deposit legislation in several states this year would be a major negative factor affecting containers firms, according to Stupay.

For many packaging companies, 1981 was a low point, Stupay says, But, he believes the future will be brighter for those companies with new technology, land resources, plus effective corporate planning to match returns on capital available in other business.

In 1981, the overall economy (growth rate of GNP) grew at a slightly faster rate in dollar terms than did the packaging industry. While total volume of packaging rose by an estimated 1%, price increases for several categories lagged behind the economy rate, according to Stupay's figures.

Rigid containers (metal and glass) accounted, again, for close to a third of packaging sales last year. Metal can sales totaled an estimated $10 billion, or about 5% above 1980, with volume flat. As a result, says Stupay, cans' share declined significantly in total packaging. Glass containers' dollar share in 1981 rose by an estimated 6% to 7%; volume was down 2.4%. So, glass containers' share of packaging last year also dropped.

This year, Stupay expects packaging output to rise at about the same rate as current dollar GNP, or by 6% to 7%. Glass container sales, he says, should go up by 11% due to better pricing. Glass should experience a small increase in share of packaging, after declines in 1980 and '81.

Can sales should rise by 7% to 8%, with merchant sales up at a slower rate, Cans should also account for a greater share of packaging in 1982; cans were weak in 1980 and '81.

Unit shipments of glass containers fell by about 2.4% in 1981, compared to '80; tonnage was off 1%. Two sources of strength, Stupay says, were food containers and one-way soft drink bottles. Capacity was trimmed back as major producers closed older, uneconomic operations.

The big volume gainer for glass last year was NR soft drink bottles, which, along with returnables and one-way bottles, accounted for 2.5 million gross. This was due mainly to increased market share for Plasti-Shield. NR beer bottle shipments declined 8% in 1981, compared to '80 after steady increases. This was partly due to Anheuser-Busch, a major user of cans, increasing market share at the expense of Miller, Stupay says.

Between 1979 and '80, the

(Continued on page 13)

Arabian company wins Donald M. Kendall Award

Sheikh Mohamed Abdul Aziz Aljomaih (center), and Abdul Karim Aljasser accept trophy from Donald M. Kendall

NEW YORK, NY — PepsiCo International announced that a Saudi Arabian company was voted the top overseas soft drink bottler for 1981. Abdulaziz and Mohammed A. Aljomaih Bottling Plants in Riyadh won this year's Donald M. Kendall International Bottler of the Year Award against competition from over 500 contenders.

In presenting the trophy, Kendall said of owner-president, Sheikh Mohamed Abdulla Aljomaih: "In honoring our number one bottler, we are holding up a model for ourselves. His achievements, as great as they have been, are a goal to which every PepsiCo bottler in the room and around the world can, and should aspire."

The Riyadh bottler "led his region in both absolute volume increases and percentage increases." Kendall continued: "In an industry growing 33%, he grew a phenomenal 82%. Last year, he sold over 24 million cases of our products . . . more than 4 million more cases of Pepsi than the year before."

The award for runner-up went to Nabil Mahmoud Radwan, managing director of Misroob Co. for Soft Drinks and Food Preservation in Egypt.

The trophy for second runner-up was awarded to Pepsi-Cola Bottling Co. of the Philippines, Inc., Cosme M. de Aboitiz, president.

'Portaboard' debuted in Atlanta

SAN DIEGO, CA — An inflatable, portable billboard is the latest brainchild of Robert Keith & Co., located here.

Officially introduced only recently, "Portaboard" has met with "great acceptance by many industries, especially the beverage industry," says Bing Byington, sales manager.

(Continued on page 6)

Glass container Unit Sales

In million gross

End-Use Market	1977	1978	1979	1980	1981E	1982P
Food	86.5	92.6	93.2	89.3	91	92
Beer*	92.8	106.5	117.7	122.7	113	115
Soft Drinks*	67.4	61.4	55.0	57.0	60	63
Liquor	15.9	16.5	15.8	15.8	16	17
Wine	8.5	8.5	8.5	8.8	9	9
Non-Foods	33.7	31.8	29.6	29.5	27	26
Export	3.1	2.2	2.9	2.2	2	2
Total	**307.9**	**319.5**	**322.8**	**326.1**	**318**	**324**

*Non-returnables and returnables combined
E-Estimated; P-Projected.
NOTE: 1980 and 1981 data have been significantly revised and are still subject to error.
Source: Prescott Ball & Turben

Copyright: Beverage industry,
May 7, 1982

Metal can sales

Billion cans

End-Use Market	1977	1978	1979	1980	1981E	1982P
Food	30.1	30.3	30.0	29	29	30
Beer	27.9	28.9	28.7	29	31	31
Soft Drinks	23.3	25.5	25.7	26	25	25
Non-Foods	5.6	5.1	4.9	5	5	5
Total	**86.9**	**89.8**	**89.3**	**89**	**89+**	**90+**

P-Projected; E-Estimated
Source: Prescott Ball & Turben

Copyright: Beverage Industry,
May 7, 1982

Containers

(Continued from page 4)

glass container industry absorbed the full impact of the inroads of the 2-L PET beverage bottle. Only Owens-Illinois came out ahead by dominating output of the industry's most successful new product, the single-service container with Contour-Pak six-pack holder for 10 and 16 oz. bottles.

Plastics began to increase its share of the 1-L size market. This year, about 1 to 2 million gross of .5-L PET beverage bottles will probably be sold, according to Stupay. Shipments of Owens-Illinois' single service bottles may have reached at least 33 million gross, with further strong gains expected in 1982. The smaller-size plastic bottles probably won't threaten O-I's position in this area until 1983, Stupay believes.

With glass capacity at 17.2 million tons in 1979, companies' operating rates was 75.6%. Last year, with capacity estimated at 16.7 million tons, the projected operating rate was 78%, according to Stupay. This compares with about 80% in 1978 and 85% in 1969-70. It is apparent, says Stupay, that additional older capacity must go in order to bring operating rates up.

For glass, 1982 should be better than 1981, Stupay believes. First, most companies have reduced operations and costs. Second, energy costs should rise only modestly. Third, productivity should rise by 3% to 5%. Fourth, 1982 is the third year of a three-year labor contract with the Glass Bottle Blowers Association; the contract contains a smaller increase than in the first year. Finally, glass will not be threatened by plastic in the smaller-size beverage bottle market until 1983. Stupay predicts a 2% increase in glass container volume, '82 vs. '81.

metal cans

Metal can sales were flat in volume terms last year, compared to '80, Stupay says. Self-manufacture of cans rose by 6%; merchant sales were off by 2%. Cans for beverage and beer were the dominant end-uses, accounting for 64% of total can shipments last year. Cans for beer rose 4.5%; soft drinks were down slightly.

In soft drinks, the modest result in can sales was due to the economy and to the success of glass in 10 and 16 oz. sizes. Stupay predicts that the success of plastics and glass will continue to moderate can sales for soft drinks in 1982-1983.

Two-piece cans accounted for over 96% of total soft drink can output; shipments were up by 13% in 1981. Three-piece cans were down by 77%. Aluminum cans rose by 19%, and two-piece steel cans were off 4%. For beer, three-piece cans were less than 1% of shipments. Aluminum dominated, with volume increasing by 12%. Two-piece steel cans' use fell, with A-B and other shifting to aluminum in mandatory deposit states because of high scrap value, according to Stupay.

Last year, the can industry operated at 70% to 75% capacity. It is estimated that there may be as much as 8 to 10 billion units of capacity not finding market in early 1981, out of a total can market of 90 billion units, Stupay says. He predicts that by mid-1982, the industry will, therefore, reduce manufacturing capacity.

This year, Stupay expects sales will rise only modestly, maybe 1%. Soft drinks' use will probably be flat, or slightly down, cans for beer, however, should increase. As capacity is reduced, prices should rise with the cost of the metal; they were up 5% in 1981. The major challenge for can companies this year, Stupay believes, is to find ways to moderate the impact of plastics and glass on the major can markets.

The problem for plastic bottles in 1981 was that PET beverage bottle production ca-

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pacity was ample and possibly burdensome after being extremely tight until mid-1979, Stupay says. Last year, effective capacity was over 3 billion units; production of both 2-L and 1-L sizes may have exceeded 2.4 billion units. Thus, Stupay says, the operating remained at under 80%; where capacity was ample, there was discounting and reduced profits.

In 1981, .5-L PET soft drink bottles showed up in several test markets. Perhaps 100 to 200 million units were produced, Stupay says. He estimated that .5-L bottles cost close to $100 per 1,000 units. The reported drawbacks with .5-L PET could, Stupay says, be solved with a new line of saran-type coatings (from Dow Chemical), which extend shelf-life and lessen cost by reducing resin volume.

In 1982, Stupay expects .5-L production capacity will be 1 billion bottles annually. New machinery from Van Dorn and Cincinnati Milacron, which can form a reported 7,000 to 8,000 bottles per hour, compared to around 2,000 for 2-L PET, should, Stupay says, reduce labor and capital costs by almost half.

resin prices

Based on cost-price experience, solid-state polyester resin prices should increase between $0.012 and $0.015 per pound with every $1 rise in the price of a barrel of crude oil, according to Stupay. Last year, low capacity utilization rates in the polyester market caused discounting and capacity reduction, he says. Polyester prices are still depressed in early 1982.

Price changes for glass, cans, and plastic have been relative. Glass container prices rose 12% in '81 according to the Producers Price Index, but due to discounting, the net increase is approximately 7 to 8%. Metal can prices increased by just 5%. Some of the can companies pricing was contractually linked to base metal costs, thus passing on such increases. Though second half discounting held back the prices increase, plastic bottle prices were up by almost 9%.

Both glass and can prices, in 1982, are expected to rise by at least 8% to 9% after more capacity reduction. Stupay says, however, that if the economy continues weak and basic chemical and metal prices fall or stay moderate, container price increases will fall also.

Manufacturing costs rose for cans by 7 to 9% amid increased cost pressure from labor, energy and materials. In glass, labor made itself a major part of the cost mix by accounting for 35% of all costs. Energy made up about 11%, assuming considerable conservation. On the can side, metal costs were a much smaller proportion for cans than for the glass.

These increases, however, were offset in part by sizeable productivity gains for the major producers. Can makers have replaced three-piece and old two-piece machinery, and glass manufacturers are using larger and faster equipment.

In 1982, Stupay expects the relative cost race will match labor and enery costs for glass against base metal costs for cans. Overall, assuming productivity increases, glass container costs are expected to rise about 7%, and probably will be matched by price increases. Profits will show, says Stupay, significant recovery from 1980-1981. Can costs are expected to reflect base stock prices and rise 8%. Can companies know that their pricing

(Continued on page 24)

Here's the straight story on citric acid technology:

Pfizer

Dedication to Leadership

Pittsburgh

(Continued from page 10)

attractions in the city, with the slogan "show 'em where you live."

The company continues to shrewdly merchandise the success of local sports teams, along with the new image of Pittsburgh as a "renaissance" city. The brewery frequently conducts plant tours, entertaining guests with a slide presentation in the "beer hall." Adjacent to the hall is a souvenir store that offers buttons, T-shirts, hats, mugs, pennants, posters, etc. The I.C. Light song is a popular selection in local jukeboxes. Pittsburgh Brewing makes the most of being a 120-year-old institution, the only brewery left in town.

Pittsburgh has embarked on a $3.4 million, three-year modernization of its packaging center. The project should raise production by some 500,000 barrels, according to Foster Walton, vp operations. The center hasn't been rennovated since 1971, he said.

The new packaging center "is geared to high volume beer sales," said Walton. Product will run off the line right into the shipping area. Product can also, if necessary, be stored in the warehouse, which can hold 150,000 to 230,000 cases, depending on the product mix, Walton said.

This year, Pittsburgh will retrofit three buildings (installing electrical and process piping) to house three high-speed packaging lines. Also, in 1982, the company will install the first of the three lines, for returnables.

In 1983, Walton said, the non-returnable line will be put in. And the following year, the can line will be added.

Containers

(Continued from page 14)

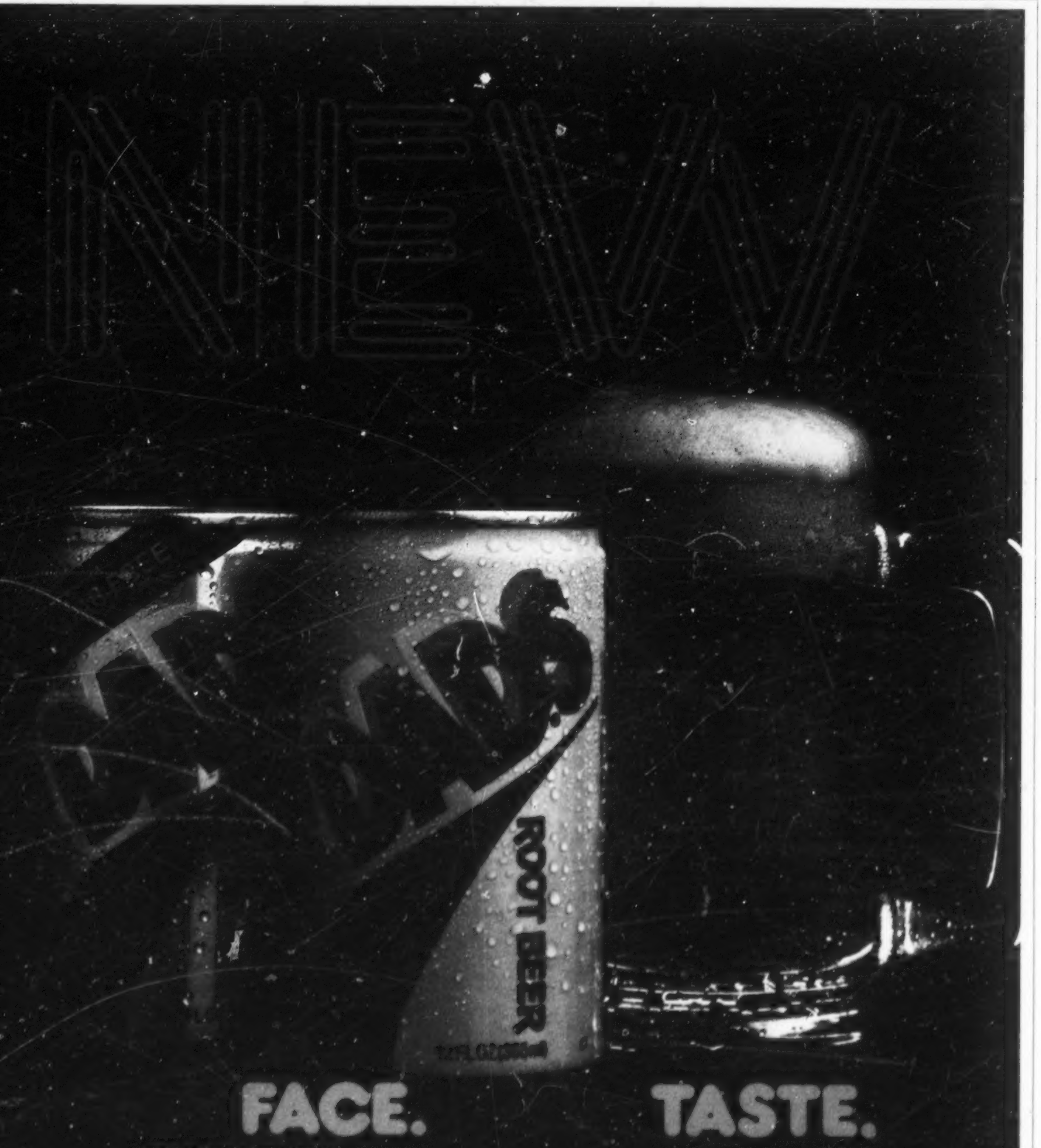
can't differ markedly from that of glass, and will pressure suppliers for some price relief, Stupay predicts.

As for PET, resin accounts for 55-60% of bottle costs and is constrained by considerable overcapacity. Since the operating rate for polyester resins is projected at 70-75%, PET bottle prices will rise only modestly in '82, Stupay says.

Another problem for the industry in 1981 was mandatory deposit legislation. Until last year, industry response to the legislation had been effective. Last year, however, Massachusetts passed a single-tier mandatory deposit law, and several states are expected to have referenda on the subject this year. Arizona, California, Colorado and Washington are among these. New York, considered a key state, is also threatening action in its legislature.

Data shows that in Michigan, which implemented its two-tiered system in 1979, the first few months showed a sharp decline in non-returnable container shipments. Also, average retail prices of beer and soft drinks were considerably higher than in surrounding non-deposit states to help cover the increased cost of a return system.

Stupay believes the threat of legislation will be more serious in 1982. Industry, however, has also become more effective in fighting the law. If Califonria and New York pass the legislation, says Stupay, there will be increased support for a national law to clear up the inconsistencies in the state-by-state approach.



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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Nov. '81	Dec. '81	% change
Bottles	24,041	23,272	(3.2)
Beverage: refillable	375	360	(4.0)
nonrefillable	4,090	3,681	(10.0)
under 10 oz	73	61	(16.4)
10.0 to 15.9 oz	1,214	1,176	(3.1)
16.0 to 16.9 oz (includes .5-L)	2,312	1,975	(14.6)
17.0 to 33.9 oz (includes 1-L)	491	469	(4.5)
34.0 oz and over (includes 2-L)	—	—	—
Beer: refillable	188	132	(29.8)
nonrefillable	7,987	8,065	1.0
under 11 oz	1,312	1,052	(19.8)
11.0 to 15.9 oz	6,249	6,528	4.5
16.0 and over	426	485	13.8
Liquor:	1,230	1,117	(9.2)
Under 125 ml (4.23 oz and under)	89	100	12.4
126 to 275 ml (4.24 to 9.3 oz)	284	268	(5.6)
276 to 500 ml (9.31 to 16.9 oz)	165	148	(10.3)
501 to 800 ml (16.91 to 27.04 oz)	300	234	(22.0)
801 to 1000 ml (27.05 to 33.80 oz)	250	229	(8.4)
1001 ml and over	142	138	(2.8)
Wine:	662	711	7.4
126 to 500 ml (4.24 to 16.9 oz)	100	145	45.0
501 to 800 ml (16.91 to 27.04 oz)	300	300	0.0
801 to 1000 ml (27.05 to 33.8 oz)	225	227	1.0
1001 to 1600 ml (33.81 to 54.08 oz)	—	—	—
Over 1600 ml (over 54.08 oz)	38	39	2.6

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	Dec. '81	Jan. '82	% change
Metal (for spirits, wines)	44,536	59,731	34.1
Plastic (for spirits, wines)	78,619	84,158	7.0
Metal crowns (beer and soft drinks)	17,314	18,474	6.7
Soft drink (convenience types)	1,576	1,487	(5.6)
Soft drink (conventional types)	4,807	6,086	26.6
Beer (convenience types)	7,765	8,724	12.4
Beer (conventional types)	3,166	2,177	(31.2)
All other metal closures other than crowns	4,033	4,772	18.3

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	Jan. '82	Feb. '82	% change
Beer*	12,111,128	11,457,293	(5.4)
Whiskey	4,913,785	4,650,081	(5.4)
Brandy	461,742	334,326	(27.6)
Gin	291,493	264,884	(9.1)
Rum	34,651	37,037	6.9
Cordials and liqueurs	630,671	500,128	(20.7)
Others	678,862	536,073	(21.0)
Total	**19,122,335**	**17,779,822**	**(7.0)**
Sparkling wines	534,751	332,495	(37.8)
Still wines, table	9,159,316	6,006,026	(34.4)
Still wines, fortified	159,218	93,605	(41.2)
Vermouth	215,138	113,075	(47.4)

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price Index

(The year 1967 equals 100)

	Nov. '81	Dec. '81	% change
Cola	296.1	295.7	(1.1)
Other carbonated soft drinks	139.3	137.2	(1.5)
Noncarbonated drinks	136.4	137.1	0.6
Wine	203.6	203.5	0.0
Beer and ale	237.4	238.0	0.2

Sweetener data

(Cents per pound, dry basis)

	Nov. '81	Dec. '81	% change
HFCS wholesale prices			
California	20.21	20.21	0
New York	19.72	19.72	0
Chicago-West	19.72	19.72	0
Beet sugar wholesale prices	25.41	26.39	3.9
Dextrose wholesale prices			
California	28.64	28.64	0
New York	27.17	27.17	0
Chicago-West	27.17	27.17	0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Nov. '81	Dec. '81	% change
Bottles and cans	10,763,745	11,259,178	4.6
Barrels and kegs	1,623,312	1,648,054	1.5
For export	198,420	199,926	0.8
Other	11,833	12,907	9.1
Total	**12,597,310**	**13,120,065**	**4.1**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	Oct. '81	Nov. '81	% change
Still wines (bulk)	238,592	111,706	(53.2)
Still wines (bottled)	36,162,558	31,434,519	(13.1)
Effervescent wines (bulk & bottled)	4,519,731	3,906,441	(13.6)
Total	**40,920,881**	**35,452,666**	**(13.4)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	July '81	Aug. '81	% change
Whiskey	12,810,574	12,041,841	(6.0)
Brandy	1,239,173	1,094,227	(11.7)
Rum	1,698,631	1,957,352	15.2
Gin	3,281,320	3,047,178	(7.1)
Vodka	8,426,356	7,152,538	(15.1)
Cordials and liqueurs	2,530,209	2,316,801	(8.4)
Cocktails and mixed drinks	733,591	737,483	0.5
Total	**30,719,854**	**28,347,420**	**(7.7)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	Nov. '81	Dec. '81	% change
Plastic bottles (blow-molded)	1,201,025	1,159,831	(3.4)
Carbonated beverages*	175,372	213,284	2.2

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Department of Commerce
Bureau of the Census

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May 7, 1982

Liquid consumption trends in the United States

(Gallons per capita per year)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981E
Soft Drinks	20.3	22.3	23.5	24.8	25.9	27.0	28.6	30.1	31.5	31.4	31.0	33.7	35.9	37.1	38.1	38.8	39.5
Coffee*	37.8	37.4	37.0	37.0	36.2	35.7	35.3	35.2	35.1	33.8	33.0	29.4	28.0	27.0	27.7	27.0	26.0
Beer	15.9	16.5	16.8	17.3	17.6	18.5	19.2	19.7	20.5	21.3	21.6	21.8	22.5	23.1	23.8	24.3	24.6
Milk	26.0	25.9	25.3	25.6	25.3	23.1	23.0	23.1	22.7	22.0	22.3	22.1	21.9	21.6	21.4	20.9	20.6
Juices	3.8	4.0	4.8	4.7	4.8	5.2	5.7	6.1	6.1	6.2	6.9	6.9	6.9	6.6	6.7	6.9	6.9
Tea	4.9	5.2	5.1	5.3	5.2	5.5	5.8	5.9	6.3	6.2	6.2	6.4	6.9	6.7	6.6	6.6	6.5
Powdered Drinks	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	4.8	5.5	5.9	6.1	6.0	6.0	6.0
Wine	1.0	1.0	1.0	1.1	1.2	1.3	1.5	1.6	1.7	1.7	1.7	1.7	1.8	2.1	2.2	2.3	2.4
Distilled Spirits	1.5	1.6	1.6	1.7	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Bottled Water	NA	NA	NA	NA	NA	NA	1.1	NA	NA	NA	1.2	1.2	1.3	1.4	1.5	1.6	1.9
Subtotal	111.2	113.9	115.1	117.5	118.2	118.1	122.1	123.6	125.8	124.6	130.7	130.7	133.1	133.7	136.0	136.4	136.4
Imputed Water Consumption†	71.3	68.6	67.4	65.0	64.3	64.4	60.4	58.9	57.6	57.9	51.8	51.8	49.4	48.8	46.5	46.1	46.1
Total	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5

*Coffee data is based on a three-year moving average to counterbalance inventory swings, thereby portraying consumption more realistically.
†Includes all others
R = Revised
NA = Not available

Source: USDA; DSI; USBA; American Bottled Water Association; Lehman Brothers Kuhn Loeb Research estimates

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Consumption

(Continued from page 1)

per capita consumption.

Maxwell points out that the Census Bureau has revised its population figures, and some beverage consumption figures (see accompanying tables) have been changed to reflect this. The revisions changed per capita numbers for the various drinks, but the basic trends remain the same.

Other rising trends last year were in beer, wine and bottled water consumption. Per capita intake of imported wines continued to increase faster than that of domestic vintages (10.9% versus 3.5%).

wine trends

Total wine consumption has been increasing steadily at around a tenth of a gallon per year for several years. Robert Brown, public relations at the Wine Institute said, "We think that trend will continue. Increased consumption of wine is a natural extention of a moderate lifestyle, which is being taken up by a growing number of upscale adults."

Almaden Vineyards is quick to note that Americans are drinking more wine per capita than distilled spirits; Maxwell's figures indicate that this changeover began in 1978. Almaden and other sources confirm that despite a relatively low consumption rate, the domestic wine industry is booming.

According to Almaden, statistics show that about 80% of the wine boom comes from the sale of "jug wines" — good everyday table wines in large containers.

A notable fact about wine consumption is that only about 4% of U.S. wine drinkers account for more than 50% of wine intake. Vintners are trying to tap that huge part of the population that doesn't yet drink wine consistently. Jug wines are part of that strategy; light wines are another.

Not surprisingly, chilled sparkling rather sweet wines have lately been selling extremely well, giving more credence to an often-used soft drink industry phrase: Americans prefer their drinks cold, sweet and carbonated.

Once again, in 1981 U.S. consumption of coffee declined — whether measured in gallons per capita (26), pounds per capita (9.5) or absolute volume, according to Maxwell. In 1960, Americans consumed 40.8 gallons of coffee per capita; 2.38 cups were consumed per person per day that year. The U.S. population has since risen by almost 50 million; per capita coffee use has declined to 26 gallons; 1.92 cups were consumed per person per day last year.

Nonetheless, Maxwell says, statistics show the possibility of leveling off in this drop. Much of this, he says, is due to the general aging of the population. (As people move into middle age, coffee consumption goes up substantially.)

Soluable (instant) coffee appears to be the main growth area in this segment, Maxwell says. Soluable coffee accounted for about 16.5% of industry volume in 1981, up by about a point and a half in share from 1980.

Leaders in this area are General Foods with Sanka and Brim, and Procter & Gamble with High Point. Both of these companies increased share substantially in 1981. Maxwell believes soluables will continue to be the most interesting coffee industry area for the foreseeable future.

He says the coffee industry is working on a campaign to get more people to drink coffee from mugs, as they hold more than regular cups. If this market ploy works, Maxwell thinks it will add to the growth of the industry.

beer growth

Beer consumption per capita rose from 24.3 gallons in 1980 to 24.6 gallons last year, according to Maxwell. Marketing efforts by breweries continue to aim at men aged 18 to 49. Even though more women are drinking the light beers, brewers are so far unwilling to spend much money to appeal directly to women. The breweries reportedly fear having any of their brands labeled "a woman's drink."

The same upscale, moderate lifestyle referred to by Robert Brown at the Wine Institute, is said to be a major factor behind increased consumption of imported beer brands. Many sources expect a substantial growth in sales of imported beer brands during this decade.

Bottled water consumption also rose 1980 to '81; from 1.6 to 1.9 gallons per capita. Bottled water intake has steadily increased since 1976, according to Maxwell's figures.

Juices, almost entirely represented by orange and

(Continued on page 40)

Estimated tea sales trends

(Million pounds)

	1978		1979		1980		1981	
	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Iced Tea	106.18	68.5%	105.26	68.4%	106.16	68.1%	105.06	67.3%
Hot Tea	48.82	31.5	48.74	31.6	49.84	31.9	50.94	32.7
Total	155.00	100.0%	154.00	100.0%	156.00	100.0%	156.00	100.0%

Source: USDA; DSI; USBA; American Bottled Water Assn.; Lehman Brothers Kuhn Loeb Research estimates

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May 7, 1982

Estimated wine consumption

(Gallons per capita)

	1977	1978	Change	1979	Change	1980	Change	1981	Change
Domestic	1.510	1.726	14.3%	1.742	0.9%	1.806	3.7%	1.869	3.5%
Imported	0.313	0.421	34.5	0.408	(3.1)	0.449	10.0	0.498	10.9
Total	1.823	2.147	17.8%	2.150	0.1%	2.255	4.9%	2.367	5.0%

Source: USDA; DSI; USBA; American Bottled Water Assn.; Lehman Brothers Kuhn Loeb Research estimates

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Polycarbonate water bottles result in fewer breakages

KISSIMMEE, FL – The Kissimmee Spring Water Co. is experiencing significantly fewer breakages thanks to the new five-gallon polycarbonate water bottles it now uses. The bottles, constructed of Merlon polycarbonate by Mobay Chemical Corporation, have a simplified design to resist damage.

The streamlined design of the bottle was cited by the central Florida water bottler as the key factor in its ability to withstand stringent service requirements. The bottles have two wide flat bands recessed into the wall, with three narrower bands flush with the exterior dimensions, for good horizontal strength. Most other polycarbonate bottles are designed with a series of ribs or boxes recessed into the wall. In addition, the bottle's long neck makes it easier for deliverymen to carry two containers at one time.

bottle design

"With fewer corners and ridges, the new containers seem to have fewer 'soft spots' where the thermoplastic is thinner, and thus, more vulnerable to cracking or puncture," commented Jerry Saunders, president of the bottling company. "The simple design of the bottles facilitates even distribution of the thermoplastic throughout the container during molding, allowing for uniformly thick walls that can better withstand the bumps and bruises of handling," he said.

The Merlon-made bottle also has fewer corners to catch on the crates and the metal bays used in transporting the containers, plant manager James Sabetto added. Also, the textured, frost-like finish on the three rib sections of the bottle that touch the crates disguises any scratches that occur.

In a recent survey conducted by Kissimmee, the Merlon container averaged about one-sixth of the failures of another polycarbonate bottle. After ten months, only 33 of the 10,000 Merlon bottles in the company's float had failed.

Since the two bottles are competitively priced, the long-lasting durability of the Merlon bottles makes them much more cost-effective in the long run, according to Saunders. "The more trips the bottle takes, the lower is its cost per trip and the more money we save," Saunders noted. "Thus far, the Mobay bottles have been giving us the type of service we need."

"In the ten months we have been using them, the Merlon bottles have seemed able to survive the abuses of handling much better than our other plastic bottles," he said. "Many people don't understand that even though plastic bottles resist shattering, they can be damaged. Consequently, they seem to be more careless and handle the polycarbonate bottles more roughly then they would glass," the plant manager explained.

For Kissimmee, primarily a wholesale company, finding a bottle that will last is extremely important. "That's because a bottle with a small crack in it can often go undetected." "We usually don't find out that a bottle is bad until its on the filling line." "As a result, we end up paying the cost of the damaged bottle," Saunders said.

Speed is also important in filling. Kissimmee uses part vacuum, part gravity feed in its filling operation. The containers can withstand about 5 sq. in. of vacuum without buckling. In the past, other polycarbonate have only been able to take up to 3-4 sq. in. of vacuum, which meant a slower filling rate. The Merlon bottle weighs about 1.75 lbs.

Another advantage of the plastic units, said Sabetto, is their ability to come out of "Tight situations" or accidents without the high incidence of breakage. "For example," he said, "we once lost 104 glass bottles when a tractor-trailer had to slam on its brakes. We wouldn't have had that kind of breakage if the truck were loaded with Polycarbonate bottles."

- For more information on **Mobay**, circle no. 528

Exports

(Continued from page 1)

imports of American wine in 1980, jumped to third place in 1981 with a total of 402,000 gallons, a 66.8% increase. Belgium and Luxemburg imported 346,000 gallons, a 53.4% increase, while West Germany imported 337,000 gallons, for an increase of 89%.

Shipments of California wine to domestic and worldwide markets last year totaled a record 357.9 million gallons, an increase of 5.7% over 1980.

The largest increase came in table wine; 277.7 million gallons were shipped, 8.8% over 1980. Sparkling wine shipments also gained, up 9.7% to 24 million gallons.

Other categories showed declines from 1980 levels: shipments of appetizer and dessert wines, at 22.7 million gallons, dropped 10.9%, and vermouth and other special natural (flavored) wines registered 33.5 million gallons, off 6.8%.

ACSH: moderate alcohol may not harm fetus

WASHINGTON, DC – The Surgeon General's warning that pregnant women completely avoid alcohol consumption was recently challenged in a report from the American Council on Science and Health.

After reviewing scientific data, the council contends that abstinence is not necessary to protect the health of the fetus. It noted that animal and human studies had not shown "a substantial risk to the unborn child from consumption of less than one ounce of absolute alcohol (two average drinks) per day." It did add, however, that current evidence has not yet proven whether this amount is indeed safe.

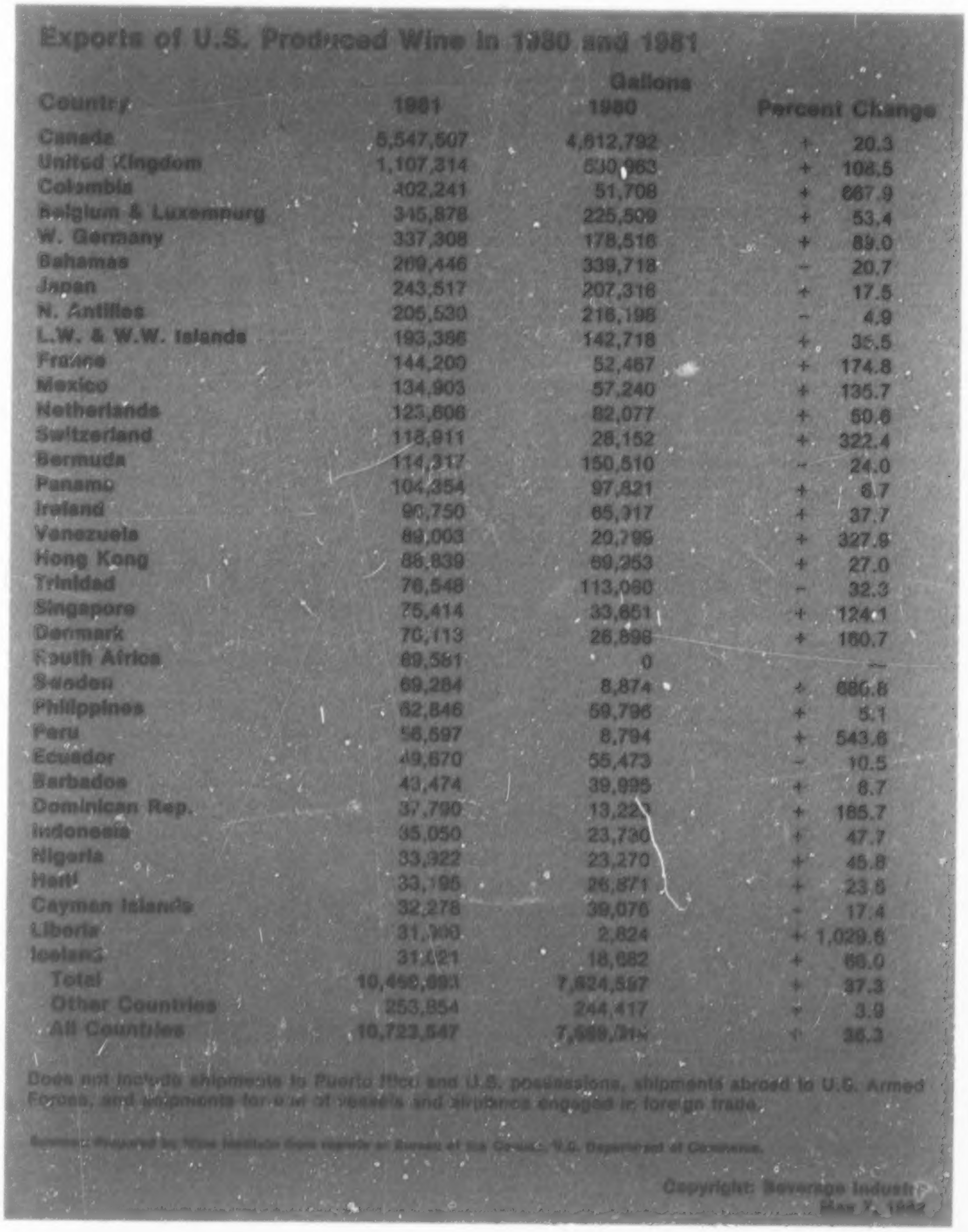
Still, ACSH feels that "excessive health warnings may be counterproductive, leading pregnant women to equate real risks during pregnancy (for example cigarette smoking) with hypothetical risks (moderate use of alcohol)."

At best, the council supports efforts already underway to educate women about the potentially harmful effects of excessive drinking during pregnancy. "Based on the current evidence, women should take a conservative approach to alcohol use during pregnancy," it said.

dissent

ACSH's report included dissenting opinions from

(Continued on page 40)



Exports of U.S. Produced Wine in 1980 and 1981

Country	Gallons 1981	Gallons 1980	Percent Change
Canada	5,547,507	4,612,792	+ 20.3
United Kingdom	1,107,314	530,963	+ 108.5
Colombia	402,241	51,708	+ 667.9
Belgium & Luxemburg	345,878	225,509	+ 53.4
W. Germany	337,308	178,516	+ 89.0
Bahamas	269,446	339,718	− 20.7
Japan	243,517	207,316	+ 17.5
N. Antilles	205,530	216,196	− 4.9
L.W. & W.W. Islands	193,386	142,718	+ 35.5
France	144,200	52,467	+ 174.8
Mexico	134,903	57,240	+ 135.7
Netherlands	123,606	82,077	+ 50.6
Switzerland	118,911	28,152	+ 322.4
Bermuda	114,317	150,510	− 24.0
Panama	104,354	97,821	+ 6.7
Ireland	90,750	65,917	+ 37.7
Venezuela	89,003	20,799	+ 327.9
Hong Kong	88,839	69,253	+ 27.0
Trinidad	76,548	113,080	− 32.3
Singapore	75,414	33,651	+ 124.1
Denmark	70,113	26,896	+ 160.7
South Africa	69,581	0	—
Sweden	69,284	8,874	+ 680.8
Philippines	62,846	59,796	+ 5.1
Peru	56,597	8,794	+ 543.6
Ecuador	49,670	55,473	− 10.5
Barbados	43,474	39,995	+ 8.7
Dominican Rep.	37,790	13,22[illegible]	+ 185.7
Indonesia	35,050	23,730	+ 47.7
Nigeria	33,922	23,270	+ 45.8
Haiti	33,195	26,871	+ 23.5
Cayman Islands	32,278	39,076	− 17.4
Liberia	31,900	2,824	+ 1,029.6
Iceland	31,021	18,682	+ 66.0
Total	10,469,693	7,624,597	+ 37.3
Other Countries	253,854	244,417	+ 3.9
All Countries	10,723,547	7,869,014	+ 36.3

Does not include shipments to Puerto Rico and U.S. possessions, shipments abroad to U.S. Armed Forces, and shipments for use of vessels and airplanes engaged in foreign trade.

Source: Prepared by Wine Institute from reports of Bureau of the Census, U.S. Department of Commerce.

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May 7, 1982

Alcohol use

(Continued from page 38)

three University of California scientists who support the government's warning since the threshold for adverse effects on the unborn is unknown and subject to individual variation.

In another report, ACSH has argued against Dr. Ben Feingold's theory that artificial flavors and colors can cause hyperactivity in children. The council admitted that "the available evidence does not completely eliminate the possibility that a limited relationship might exist between certain food colors and hyperactivity." However, such a relationship "would affect only a very small number of hyperactive children," the council added.

After assessing scientific evidence available, ACSH feels that artificial colors and flavors should not be eliminated from the diets of hyperactive children as a means of helping their condition. Furthermore, it does not advocate amending public policy on food, food processing or food labeling based on the Feingold theory.

Instead, ACSH suggests that parents of hyperactive children seek psychiatric or psychological help for children, rather than relying on dietary changes.

Impact

(Continued from page 17)

three, sold 30.4 million gallons in 1981, dropping 5.3% from '80. Impact suggests that Almaden is feeling intense competition from Gallo, Taylor California Cellars, Inglenook and Paul Masson. Almaden's recent price increase, effective Jan. 1, 1981, "may have revealed that the brand is especially price sensitive," suggested Impact.

Shipments of number 10 Sebastiani, were down 14.4% from 1980 to '81, to 8.6 million gallons. Impact says, "the company is in the process of settling into its enormous growth of the last five years and (is) redefining its goals." Between 1975 and '81, Sebastiani had the strongest annual compound growth rate of all top 10 wineries, 23.8%.

Impact believes that the continued growth of Gallo and The Wine Spectrum will make competition tougher for the other top 10 wineries. "The other eight might find themselves fighting more fiercely for a smaller slice of the pie."

Consumption

(Continued from page 36)

grapefruit juice, maintained a steady 6.9 gallons per capita consumption level last year. Juices took a strong jump in 1975 over '74, but dropped off slightly in '78 and '79. According to the Florida Department of Citrus, 899 million single strength gallons of orange and grapefruit juice were sold at retail outlets in 1981, down from the 905 million gallon level in 1980. However, total retail sales of orange and grapefruit juice rose 13%, '81 over '80, from $2.4 to $2.7 billion.

Other liquid consumption trends show distilled spirits and powdered drinks leveling off at 2.0 and 6.0 gallons per capita respectively in 1981. Tea and milk consumption continued to decline, at 6.5 and 20.6 gallons per capita respectively.

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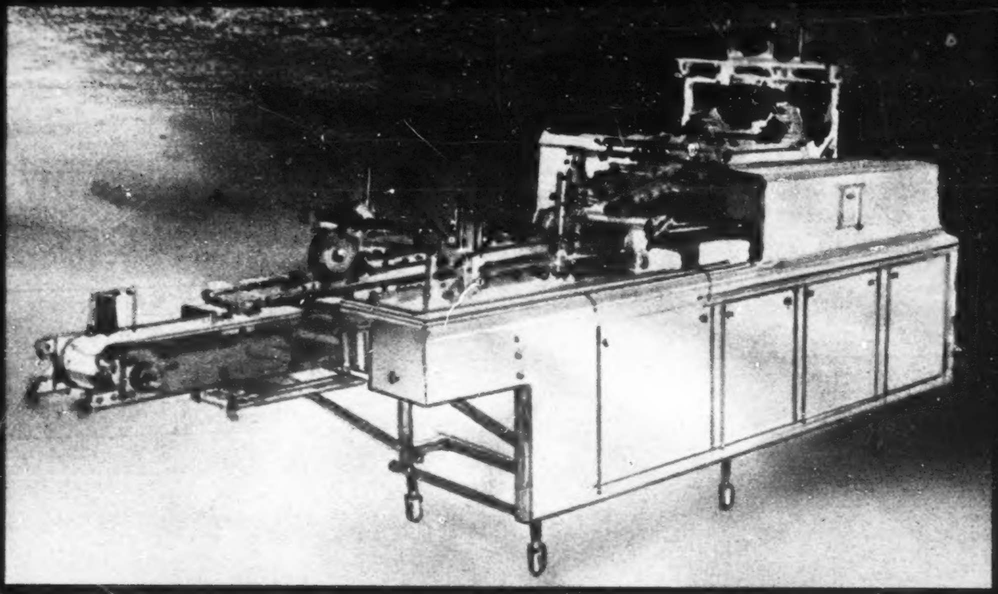

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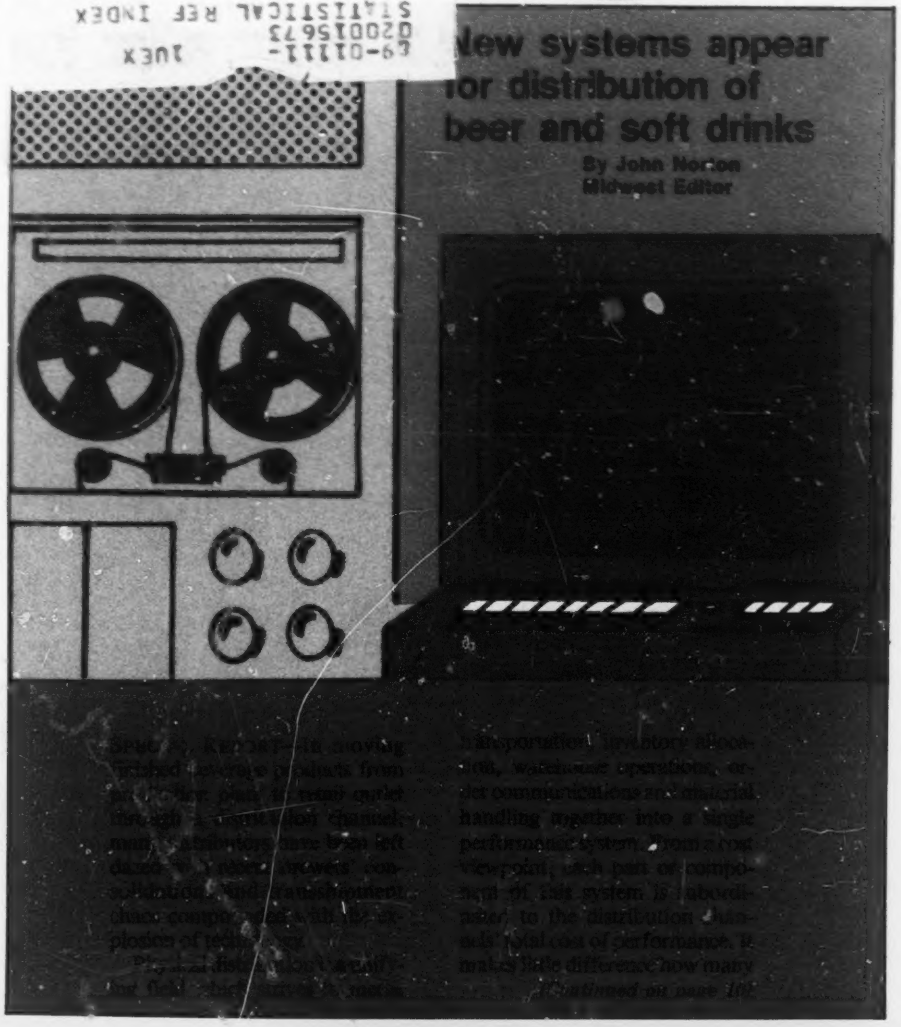

New systems appear for distribution of beer and soft drinks

By John Norton
Midwest Editor

SPECIAL REPORT—In moving finished beverage products from [illegible] plant to retail outlet through a distribution channel, many distributors have been left dazed with [illegible] consolidation and transshipment chaos compounded with the explosion of technology.

Physical distribution [illegible] field [illegible] transportation, inventory allocation, warehouse operations, order communications and material handling together into a single performance system. From a cost viewpoint, each part or component of this system is subordinated to the distribution channels' total cost of performance. It makes little difference how many

(Continued on page 10)

FDA spells out new food additives policy

By Patricia Raber
Washington Correspondent

WASHINGTON, DC—To eliminate the acrylonitrile and polyvinyl chloride controversies of the past, the Food and Drug Administration has proposed several policies for determining when to approve food or color additives which are safe, but whose components may be carcinogenic.

In an advance notice of proposed rulemaking, FDA has finally spelled out its long-awaited constituents policy which would determine when the Delaney anti-cancer clause is triggered by distinguishing whole food additives from their parts.

Under this policy, a food additive would be considered a substance actually intended for food use or contact. "All nonfunctional chemicals present in that substance would be called 'constituents' of the additive."

Normally, any food or color additive found to cause cancer in animals or man must be banned under the Delaney clause. But this approach provides more leeway by allowing a noncarcinogenic food additive to be ap-

(Continued on page 9)

Imported beers taking bigger US mkt. share

NEW YORK, NY — Sales of imported beer brands in the U.S. continues to rise significantly. Between 1980 and '81, imported beer brands rose 14.3%, according to **BI**'s director of research/statistics, John C. Maxwell.

Heineken, which sells twice as much as its next competitor, Molson, had the largest gallon increase in the industry last year, 9.4 million gallons, or 17.6% more in 1981 than the year before. Heineken accounts for almost 40% of imported beer volume.

Beck's, Labatt and Moosehead showed the best percentage gains of the major brands. Beck's had a 37% growth from 1980-81. It sold 10 million gallons last year, compared with 7 million in 1980 and 5.5 million in '79. Beck's now holds 6.2% of the total imported beer market, according to Maxwell.

Labatt sales were 30.4% better last year than the year before; Labatt sold about 2 million more gallons in '81 than in '80; this Canadian brand has 5.6% of the market.

Moosehead's sales growth since 1979 has been spectacular. In '79, the brand sold 2 million gallons; last year it sold almost 8 million, nearly a quadrupling of sales in only three years. Now,

(Continued on page 4)

BI promotes Dolan to publisher

NEW YORK — William R. Dolan has been named publisher of **Beverage Industry**. Dolan has been associated with **BI** for five years, most recently as associate publisher. He replaces Jesse Meyers who is leaving the magazine to start his company which will publish *Beverage Digest*, a twice monthly newsletter. In addition to Dolan's promotion, Thomas H. Bachmann, advertising manager, has been elevated to associate publisher. Bachmann, who will be headquartered in Chicago, has been with **Beverage Industry** for six years.

"After some 20 years in the beverage business," comented Meyers, "I have decided that the time is right to launch my own publication.

(Continued on page 21)

BI Week

• Pepsi reportedly has put its new ad theme "Pepsi's got your taste for life" on indefinite hold. Suppliers have been told that the theme is not to be used on any package graphics. The hiatus, reportedly, is the result of requests from bottlers.

• Coca-Cola's soft drink retail sales in the U.S. were up 4% in the first quarter of '82. Syrup shipments, though, were off 33% due to stockpiling in December '81 before price increases in January. Total worldwide shipments of soft drinks rose 5% in the quarter. Foreign soft drink shipments were up about 10%.

• Pabst's board of directors got 3.75 million votes, to 3.2 million for the alternative slate led by Irwin Jacobs. But, Jacobs will take Pabst to court challenging the validity of 1 million of the votes; court action could last two months, while Pabst carries on as though the vote was final. Jacobs reportedly says a Midwestern investment firm pressured shareholders to vote company line.

• Shasta products have new package graphics and ad campaign. Containers feature logo at an angle over stylized "S" design. Campaign carries "I wanna pop" theme, developed by Needham, Harper & Steers. Principle media is network TV. Shasta says "pop" theme doesn't mean just soda pop; it also refers to the thrill and excitement Shasta drinkers want from variety of flavors: 31.

• Christian Schmidt Brewing

(Continued on page 21)

BI Package of the Week

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Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY PUBLISHED EVERY OTHER FRIDAY

[illegible]

	1979	% Market	1980	% Market	1981	% Market	1980-81 Change
Heineken	59.1	42.9%	53.5	37.8%	62.9	38.9%	17.6%
Molson	29.3	21.3	31.7	22.4	32.0	19.8	0.9
Becks	5.6	4.1	7.3	5.2	10.0	6.2	37.0
Labatt	6.6	4.8	6.9	4.9	9.0	5.6	30.4
Moosehead	2.0	1.5	5.6	4.0	7.9	4.9	41.1
Dos Equis	7.0	5.1	7.0	4.9	7.0	4.3	-
Carling O'Keefe	-	-	-	-	4.5	2.8	-
Guinness Harp	1.6	1.1	1.7	1.2	3.9	2.4	129.4
Tecate	-	-	-	-	3.8	2.3	-
St. Pauli Girl	2.0	1.5	2.4	1.7	3.0	1.9	25.0
Carta Blanca	1.8	1.3	2.1	1.5	2.3	1.4	9.5
Grolsch	1.4	1.0	1.6	1.1	1.8	1.1	12.5
Foster	1.4	1.0	1.6	1.1	1.7	1.1	6.3
Kirin	-	-	-	-	1.4	0.9	-
Kronenbourg	-	-	.0.7	0.5	1.2	0.7	71.4
San Miguel	-	-	-	-	1.1	0.7	-
Bass Ale	1.5	1.1	1.6	1.1	1.0	0.6	(37.5)
Tsingtao	0.2	0.1	0.4	0.3	0.8	0.5	100.0
Amstel Light	-	-	0.5	0.3	0.7	0.4	40.0
Bohemian	-	-	-	-	0.7	0.4	-
Kalback	-	-	-	-	0.1	0.1	-
Others	18.2	13.2	17.0	12.0	5.0	3.0	(58.3)
Total	**137.7**	**100.0%**	**141.6**	**100.0%**	**161.8**	**100.0%**	**14.3%**

Source: Lehman Bros. Kuhn Loeb Research

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May 21, 1982

Beer industry up 3.7% from '70-'80: Doyle

NEW YORK—Even though general business conditions are weak, the brewing and soft drink industries are relatively strong, according to Joseph J. Doyle, CFA at Smith Barney Harris Upham & Co. located here. Of course, he says, the recession has some impact on these industries; near-term sales trends are on the weak side.

Unit volumes are flat to up and, Doyle says, should be up for the second half of 1982 as overall economic conditions improve. He says that both the brewing and soft drink industries are being helped by the fact that their major costs are quite weak. This, he says, is aiding profit margins at a time when product prices are decelerating.

Recent statistics indicate that beer consumption is flat to slightly up, Doyle says. A cold winter, especially last January, and the impact of recession, unemployment and weak consumer incomes are hurting current volume.

However, unit beer volume has shown itself to be virtually recession-proof; Doyle expects that to continue.

Doyle expects a 2.0% rise in domestic volume of beer and a 2.3% increase in total consumption in 1982. He sees no basic factors, plus or minus, to alter this trend growth in the foreseeable future. (Total beer industry volume was up 3.7% from 1970 to '80, including imports.)

Over the past 20 years, the beer industry has been concentrated in the hands of a few, Doyle says, referring to Anheuser-Busch, Miller and Heileman.

best gain: A-B

A-B showed the best gain last year in barrels sold (up 8.6%). Doyle expects A-B to show a similar gain in 1982, of between 8% and 8.5%. By 1985, A-B is expected to sell around 72 million barrels. This will mean a healthy 7.4% annual unit growth over the disinflationary period of 1980-'85.

Also, Doyle thinks that Miller and Heileman will experience better-than-average industry growth of 6% to 7% annually to 1985. The Heileman projection assumes that the company "somehow" gets reasonably priced capacity in the Sun Belt.

Other brewers' performances will, according to Doyle, be poor. Pabst, he says, should show absolute volume declines; Schlitz may arrest its decline of the past five years, and Coors may show some modest growth as it gradually moves into new markets East of its present territories.

By 1985, Doyle projects that A-B will have increased its market share to 34%. Also, by 1985, Miller will have a 25% share, Heileman will be at 9%, Schlitz and Coors at 7% and Pabst at 6%, Doyle believes.

By category or type of beer, Doyle says, the American consumer has been trading up over the past several years, despite disappointing consumer income trends. Popular-price beers have declined sharply since 1975.

This does not reflect a conscious decision to buy more expensive beer, Doyle says. Rather "life-style" factors seem to make the difference. For example,

(Continued on page 15)

Import beer

(Continued from page 1)

Maxwell says, Moosehead sales account for about 5% of the total imported beer market. Sales rose 41% 1981 over 1980.

Guinness Harp and Tsingtao are among the fastest growing of the smaller brands, says Maxwell. Guinness Harp sold over 4 million gallons last year, but that represents a 129.4% increase over the year before; the brand sold 1.7 million gallons in 1980.

Tsingtao, from China, approached the 1 million gallon sales mark last year, a 100% increase over 1980. This brand had 0.1% of the market three years ago; it has boosted that share to 0.5%.

Kronenbourg, from France, managed a 71.4% sales increase, 1981 vs 1980; the brand, backed up by heavy advertising in its markets, sold 1.2 million gallons last year.

St. Pauli Girl's success has been attributed to its popularity on college campuses. The brand sold 25% more last year than the year before, or 3 million gallons in 1981, 2.4 million in '80.

Bass Ale, from England, was the only individually-listed brand down: 37.5%; it sold 1 million gallons last year, according to Maxwell.

In 1981, imported beer brands accounted for about 3% of the total beer industry. Maxwell expects this share to increase in 1982.

Poland Spring puts sparkling water in cans

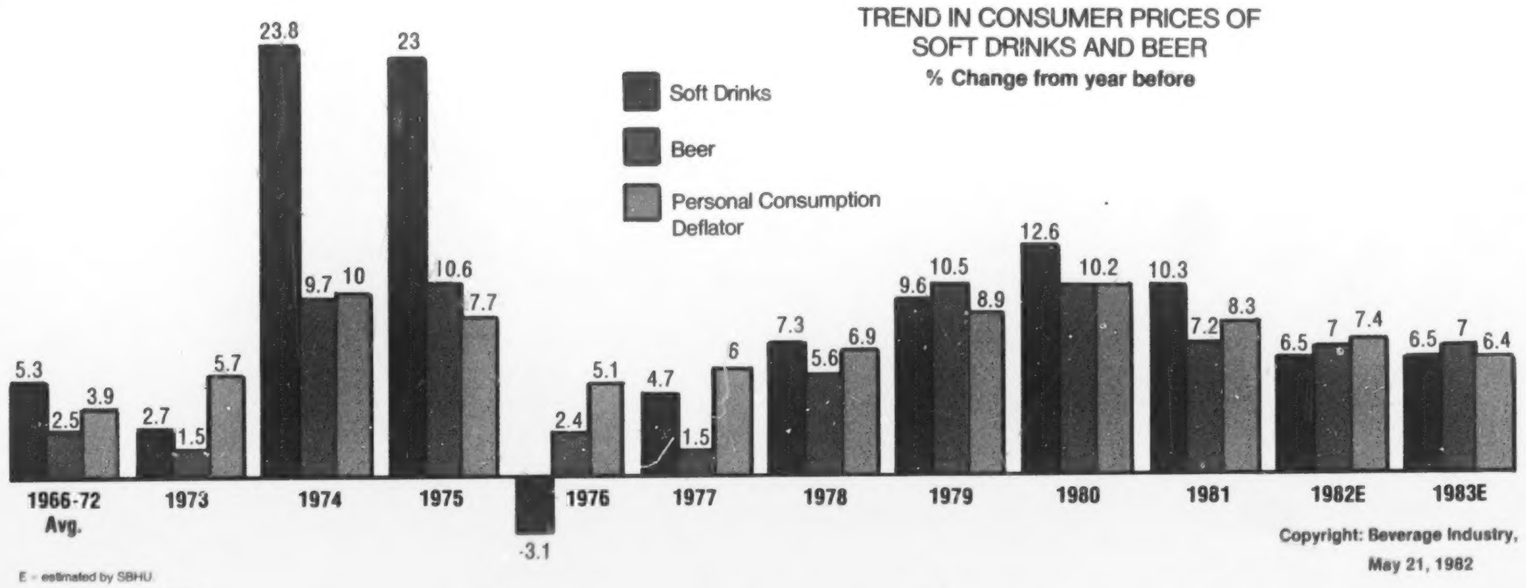
Carbonated
Poland Spring
FROM MAINE
PURE NATURAL SPRING WATER
NET 12 FL OZ

GREENWICH, CT—Poland Spring Corporation, located here, has put its sparkling water in 12 oz. aluminum cans.

"Until now, there have been no sparkling waters available in 12 oz. cans," said Dennis J. Crumbine, general manager of Poland Spring. "Consumers in Los Angeles have demonstrated a preference for 12 oz. cans, which comprise 60% of total carbonated beverage sales here. In the sparkling water category, they can now also exercise that preference.

"Sparkling water users are in the most active and affluent market segments," said Crumbine. "They are regular buyers of sparkling water and we believe they would like the convenience of a 12 oz. aluminum can at the beach, around the pool, and for sporting events, boating, backpacking, bicycling and camping."

"Aluminum cans now account for more than 85% of all canned beer and soft drinks," according to Robert O'Donnell, corporate vp and gen. mgr., Reynolds Can Division, manufacturers of the Poland Spring Water can. "Last year, aluminum cans were successfully introduced by several wineries as a new package for wine. We believe that the aluminum can's strong consumer appeal will make canned sparkling water a success as well."



TREND IN CONSUMER PRICES OF SOFT DRINKS AND BEER

% Change from year before

Copyright: Beverage Industry, May 21, 1982

E - estimated by SBHU

Source: Bureau of Labor Statistics

Doyle

(Continued from page 4)

weight control helps the light category and self-esteem boosts imported beer consumption.

Light beers, now about 15% of total industry volume, continue to show above-average growth. The category rose 18% last year, and Doyle believes that growth may accelerate this year and next since the national rollout of Budweiser Light could expand the category on a net basis.

imports

Imports had above-average growth in 1981, up 15%, after a sluggish 1980, but they remain a relatively small portion of total consumption. Because of high price, imports may remain a relatively small, but growing, category. Canadian beers, which are about one-third of all imports and second only to the Netherlands, have been doing very well in recent years. Being a lower-priced beer compared with other imports and a taste between "heavy" imports and "light" domestic beers seem to be a key factor in the success of Canadian beers, according to Doyle.

The super-premium category, where Michelob has about a 75% or better share, has shown high sales growth throughout 1979. In 1980 and 1981, the category grew only about 4–5%. Doyle thinks the key explanations are the expected and accepted cannibalization from Michelob Light and perhaps some trade down to the premium category. Most brewers have been unable to hurt Michelob with new super-premium products. Pabst has never been financially able to give adequate marketing support to its Andeker brand, nor Schlitz to Erlanger. This year's introduction of Miller's Special Reserve could hold back Michelob's growth (as Lowenbrau never really did), but Doyle feels it will probably tend to expand the category.

The premium category is the most important at 57% of last year's industry volume. Budweiser has about a 36%–37% share of this category, and the brand has been unusually strong over the past few years, up 11%–12% in each of the past three years. Miller High Life has about a 21% share of premium category.

Miller Brewing's real strength is in its Lite brand, which controls over 60% of the light category. The Coors brand has about an 11% share of the premium category, and Pabst about 9%. The Schlitz, Stroh's and Heileman's Old Style brands each have about 5% of the premium category.

As one might expect, Doyle says, economic, demographic, life-style, and weather factors have favored beer consumption in southern and western regions. Over the past five years the South Central region has shown a growth rate that is 91% faster that of the national average; 68% of this region's volume is Texas.

The Southeastern region has been growing 50% faster than the national average; Florida is 42% of this region's volume and Georgia is 17%. The Mountain region has also grown 50% faster; Colorado and Arizona are each 26% of this region's volume. The Pacific region has been growing 32% faster; California is 79% of this region's volume. Light beers, premium, and super-premium brands do well in these regions. Popular-priced beers are proportionately stronger in the Northeast and North Central regions.

Both Anheuser-Busch and Miller have understood and been able to capitalize on these differing regional growth trends. Heileman has yet to establish a real "southern tier" strategy and the Justice Department's refusal to permit it to merge with Schlitz was a major setback for Heileman's regional goals.

Simply being in the right regions has not helped, Doyle says. Coors has not done well and has lost share, mostly to Anheuser, in the Mountain and Pacific regions. Schlitz used to be number one in the West South Central region and a big factor in the Southeast, but it has lost share in those areas to both Anheuser and Miller. Doyle expects the Southern and Western regions to remain stronger growers and companies like Heileman and Stroh's are seeking entry.

As with beer consumption, soft drink volume is only slightly affected by recession, according to Doyle. He thinks the recession may further dampen 1982's U.S. soft drink volume, and he projects only a 2.0% gain, or about half of normal growth. During the next four to five years, volume growth for soft drinks should be between 4% and 5%, with the front end of the range being "normal trend" and 5% reflecting recovery from a depressed 1981–'82 level.

A rejuvenated Coca-Cola, both in terms of strong senior management and a better franchised bottling system, should result in a somewhat improved U.S. performance for Coke in the next five years, according to Doyle. He projects about 5% unit growth, which, while the same as the past five years, could be one point more or at least even with an expected 4%–5% industry growth.

Doyle thinks Pepsi can continue to grow faster than the industry, though at a slower rate than historically. Senior manage-

(Continued on page 22)

Industry and top six brewers' barrelage

(millions of 31-gallon barrels)

Volume	**1980**	**1981**	**1982E**	**1985E**
Industry volume	**177.9**	**182.8**	**187.0**	**211.0**
Anheuser-Busch	50.2	54.5	59.0	71.7
Miller	37.3	40.3	43.1	52.0
Heileman	13.3	14.0	14.8	18.5
Schlitz	15.0	14.3	14.0	15.0
Pabst	15.1	13.5	13.0	12.0
Coors	13.8	13.3	13.7	15.0
Total Top Six	144.7	149.9	157.6	184.2
Total All Others	33.2	32.9	29.4	26.8
%Market Share of Top Six	81.3%	82.0%	84.3%	87.3%
%Share of A-B and Miller	49.2%	51.9%	54.7%	58.6%
Growth (Annual rate from prior period)				
Industry growth	—	2.8%	2.3%	3.5%(a)
Anheuser-Busch	—	8.6	8.3	7.4 (a)
Miller	—	8.0	7.2	6.9 (a)
Heileman	—	5.3	5.7	6.8 (a)
Schlitz	—	(4.7)	(2.1)	0.0 (a)
Pabst	—	(10.6)	(4.4)	(4.7) (a)
Coors	—	(3.6)	3.0	1.7 (a)
Top Six	—	3.6	5.1	4.9 (a)
All Others	—	(0.9)	(10.6)	(4.4) (a)

E-Estimated by SBHU.

(a) 1980-1985 period for industry and individual companies' growth rates.

Note: Our industry total includes imports, which now represent about 2.9% of total U.S. consumption, or 5.3 million barrels in 1981 (versus 4.6 million in 1980). Market share and growth figures for Top Six and Top Two are based on today's rankings. About 70% of Heileman's 1979 growth (and perhaps half of historical growth) is due to acquisitions (Carling National added 2.4 million barrels to 1979 total and 0.6 million to 1980 total). Blitz-Weinhard purchase added 0.4 million barrels to Pabst 1979 total and 0.1 million to 1980 total; Pittsburgh Brewing purchase may add 0.8 million to this year. Stroh's-Schaefer combined in 1980 to be Number Seven at 9.73 million barrels (6.16 + 3.57), up 1.9% from 9.55 (6.01 + 3.54) in 1979; 1981 volume was 9.13.

Source: SBHU.

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Doyle

(Continued from page 15)

ment and a strong bottling network (almost one-fourth owned by the parent, versus only about 10% in Coke's case) have already proven themselves. Although Pepsi's past five-year trend of unit growth 2.8 percentage points above that for the industry may diminish, Doyle expects about 6% annual growth, or one to two points above his industry expectation of 4%-5%. This would include some advances in the fountain market, which is about 23% of industry volume, and where Coke still has over a 55%-60% market share. In the packaged market (which is 77% of volume, one-third of this being away-from-home consumption and two thirds at home), Coke and Pepsi are approximately of equal size, Doyle says, especially in the at-home market.

Prices, Doyle says, are deflating at all levels for the beer and soft drink industries. Both the winners in the market share battle (Anheuser and Miller) and the losers will seek better pricing to expand margins and improve profitability, he says.

For example, Miller only earned $114 million in pretax and preinterest income in 1981 on $2.9 billion in sales and $2.0 billion identifiable assets. Beer pricing will exceed cost increases. This will probably result in retail beer prices rising approximately in line with the Personal Consumption Deflator or PCD. Beer prices actually are rising less than overall inflation. But, costs are very weak, Doyle says.

Soft drink prices since 1966 have usually increased more than the PCD, except for a 3% decline in 1976 and a lower-than-inflation rise in 1977.

A severe recession and a 50% price increase in 1975 didn't faze the American soft drink user, according to Doyle. In the past few years, this ability of the soft drink industry to seemingly price at will has not helped profit margins. Rather, it has fueled war chests for the big avertising budget jumps of 1978–1980 and the big increases in price promotional activities in 1980–1981.

Doyle thinks the level of price promotion has become excessive. It may not abate this year (since cost trends are so weak and recessionary consumer patterns prevail), but he expects that 1983 and later years could see less promotion and more attention to profitability.

Packaging is the largest cost category for both the beer and soft drink industries. Bottle and can costs are about 40% of the wholesale value, whereas sugar in soft drinks and agricultural raw materials in beer are about 12%–15% of total wholesale price.

The sharp inflation of the mid-1970s in packaging costs and the run-up in 1978 seem to be things of the past. Aluminum can costs are weak mostly because of manufacturing overcapacity, not because of any significant market weakness for beverages, according to Doyle.

About 60% of packaged beer is in cans, with 32% in nonreturnable bottles and 8% in returnable bottles. About 80% of all beer cans are aluminum, as steel continues to lose share.

New products in the sd and brewing industries

Product (Year of introduction or 1970 share if then available)	**1981E Market Share**
Beer	
Miller's Lite (1974)	8½%-9%
Natural Light (1975)	1%-1½%
Michelob Light (1978)	1½%
Lowenbrau, U.S. brewed (1978)	½%-1%
Coors Light (1978)	1%
Erlanger (1979)	0%-½%
Schlitz Light (1976)	0%-½%
Pabst Extra Light (1977)	0%-½%
Soft drinks	
New products:	
Sunkist (1979)	1½%
Mr. Pibb (1972)	½%-1%
Mello Yellow (1973)	½%-1%
Pepsi Light (1975)	½%
Barrelhead Root Beer (1977)	0%-½%
Rejuvenated brands:	2½%-3%
Mountain Dew (½%-1%)	2½%-3%
Tab (1½%-2%)	
Diet Pepsi (1%-1½%)	2½%-3%
Sugar-Free Dr Pepper (0%-½%)	1%-1½%
Diet 7-Up (0%-½%)	1%-1½%

E - Estimated by SBHU

Source: SBHU

Copyright: Beverage Industry, May 21, 1982

In soft drinks, where about 77% of total industry volume is packaged, cans are about 33% of the packaged market, with about 70% of this being in aluminum. A sizable 50% of soft drink packaged gallonage is still in glass, a high 33% in returnables and 17% in nonreturnables. Plastic bottles have done very well, Doyle says, and should continue to gain some further share, but at a much slower pace; plastic containers have a 17% share of the packaged soft drink market compared with zero only several years ago.

Top six brewers' share of market

Market Share	**1980**	**1981**	**1982E**	**1985E**
Anheuser-Busch	28.2%	29.8%	31.6%	34.0%
Miller	21.0	22.0	23.1	24.6
Heileman	7.5	7.7	8.0	8.8
Schlitz	8.4	7.8	7.5	7.1
Pabst	8.5	7.4	6.9	5.7
Coors	7.8	7.3	7.4	7.1
Top Six	81.3%	82.0%	84.4%	87.3%
All Others	18.7	18.0	15.6	12.7
A-B and Miller	49.2	51.9	54.7	58.6
Point Change in Annual Market Share (a)				
Anheuser-Busch	—	+ 1.6	+ 1.8	+ 0.8
Miller	—	+ 1.0	+ 1.1	+ 0.5
Heileman	—	+ 0.2	+ 0.3	+ 0.3
Schlitz	—	− 0.6	− 0.3	− 0.1
Pabst	—	− 1.1	− 0.5	− 0.4
Coors	—	− 0.5	+ 0.1	− 0.1
Top Six	—	+ 0.7	+ 2.4	+ 2.9
All Others	—	− 0.7	− 2.4	− 2.9
A-B and Miller	—	+ 2.7	+ 2.8	+ 3.9

E-Estimated by SBHU.

(a) 1982-1985 periods show market share point changes per annum.

Source: SBHU.

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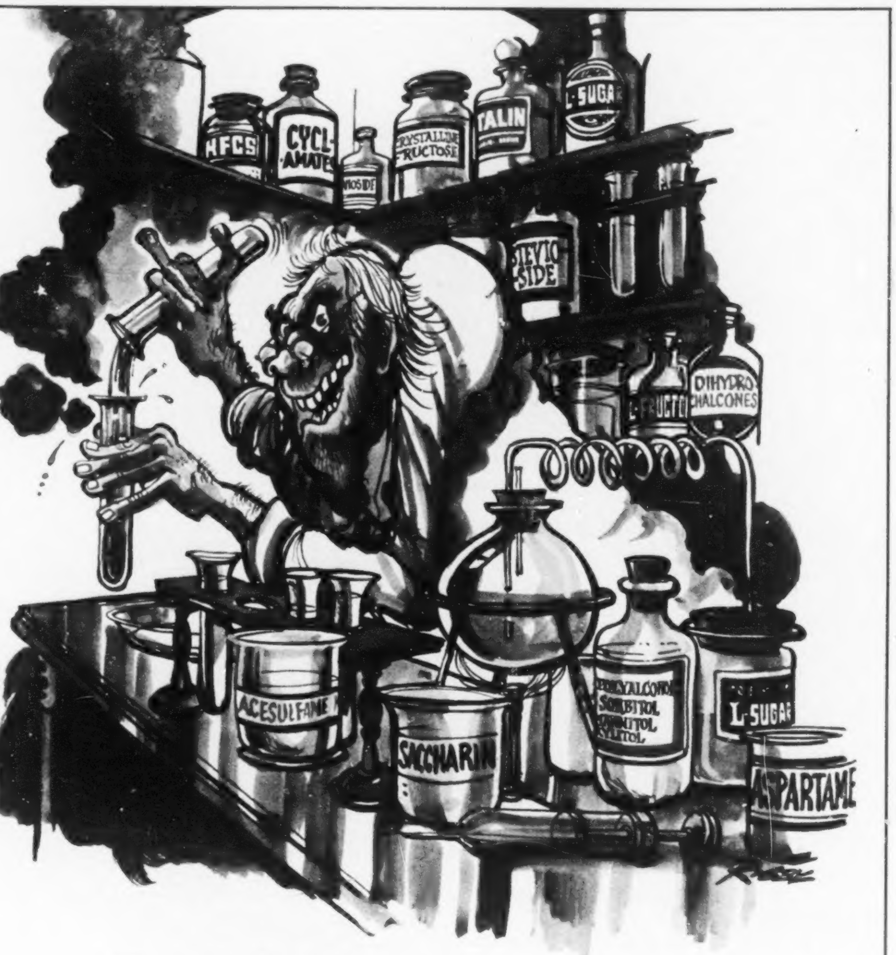
PUBLISHED EVERY OTHER FRIDAY



Formulators explore range of alternative sweeteners

By Steve Price
Assistant Editor

SPECIAL REPORT—As high fructose corn syrup (HFCS) continues to take a higher percentage of the sweetener market, still other alternatives to sugar are being sought.

Experimental sweeteners such as aspartame, polyalcohols, and

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$637 million market:

Study: 10.5% of firms control 56.7% of bottled water sales

By Paul E. Mullins
Editor

MINGO JUNCTION, OH—Approximately 10.5% of U.S. bottled water firms—some 34 establishments all with volumes of over $5 million each — control more than half the total U.S. bottled water business. The figures were revealed in a new study recently compiled by Beverage Marketing Corp., located here.

The study, which is the result of almost three years research, pegs the total dollar volume at $637 million; gallonage is 621.3 million. Both numbers are considerably higher than previously published statistics."

"That's one reason we have resolutely pursued this market study," Michael Bellas, BMC president, told **Beverage Industry.** "We just did not believe some of the data being offered."

Bellas's firm, which provides confidential market research in-

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Kennedy support key to movement on food safety

WASHINGTON, DC—The timely topics of food safety and federal deficits were explored by government policy makers and industry observers during the National Soft Drink Association's recent public affairs conference.

Although the food safety issue has languished on Capitol Hill, Sen. Orrin Hatch (R-Utah), chairman of the Labor and Human Resources Committee, told the bottlers that there is a glimmer of hope for some movement or attention now that Sen. Edward Kennedy (D-Mass) has shown his support for the concept.

"We've gotten the Kennedy people to come up with a bill that Rep. Henry Waxman (D-Calif) might go along with," Hatch

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BI Week

• Crush International has introduced new packaging and new ad themes for both Hires and Crush. Crush packages show replicas of actual fruits—a first for the company. Hires has been reformulated with slight package changes. Sun Drop is also in line for a new look and new promotional push. Firm has told bottlers that it will move operations to Cincinnati, headquarters of Procter & Gamble. Frank O'Donnell will retire as president, but remain active for the firm. R. S. "Rich" Gurin is general manager and will continue to head the operation in the new location.

• Coca-Cola's surprise $400-plus million acquisition of Associated Coca-Cola is second largest deal in soft drink industry. The franchisor picked up the bottler's Florida, Pennsylvania, New Jersey and New York territories re portedly to prevent them from being acquired by elements "which would possibly not operate the firm in the best interests of the brand." Coca-Cola has said it will resell the company and has not ruled out the possibility that it will be divided.

• Mechanical pilfer-proof closure feature has been developed by H-C Industries and is being tested in Kentucky. The ring has small fingers which reportedly open to engage the bottle finish as the closure is applied. Both H-C and Owens-Illinois are reportedly

(Continued on page 35)

Coalition seeks warning labels on wine, beer

WASHINGTON, DC—Beer and wine makers are undaunted by a consumer coalition's request that they voluntarily place ingredient and warning labels on their products and educate the public about the hazards of alcohol consumption.

The coalition, spearheaded by the Center for Science in the Public Interest, asked industry to: list calories, ingredient and additives on labels; place warnings on labels about birth defects, drunk driving, cirrhosis of the liver, loss of mental facilities and cancer; stop using ads associating alcoholic beverages with social, business, athletic or sexual success; cease youth-oriented marketing campaigns; and contribute part of their marketing budget toward an independent Foundation for the Prevention of Alcohol Problems that would mount prevention-oriented media campaigns.

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BI Package of the Week

Dad's revamps packaging, reformulates, page 6

Contents

HFCS leads way in sugar alternatives

During the past year, the sweetener industry has been dominated by the continuing success of high fructose corn syrup (HFCS). Sugar consumption in this country is down, as are deliveries of US sugar for domestic consumption. The success of HFCS has not, however, stunted further growth in the area of alternative sweeteners. To find out more about the future of sweeteners, see **page 1.**

Bottled water market ruled by 34 plants

Approxmately 56.7% of the bottled water industry is controlled by only 10.5% of that industries' firms, according to recent study by Beverage Marketing Corp. The BMC study puts the industries' total dollar volume at $637 million, and total gallonage at 621.3 million, both substantially higher than previously published statistics. For a more in-depth look at the bottled water business, turn to **page 1.**

'Saccharin is safe' says Cancer Inst.

The National Cancer Institute, in a study done in 1980 of human use of artificial sweeteners, has concluded that ". . . there is no evidence for an association between non-nutritive sweeteners and bladder cancer." The findings of the study were confirmed in a review conducted by Epidemiology Resources Inc. The NCI study is the largest bladder cancer study ever done. For more details of the study, **see page 4.**

'White Paper' rebuts report on bottle bill

With bottling bill legislation pending in New York State, an industry 'White Paper' rebutting the government report on the effects of the bottle bill has been issued. Sidney Mudd, chairman of Joyce Beverages, has issued the paper that opposes the bottle legislation. The paper serves to point out the adverse effects of the bill on the consumers and industry alike. For more information on this important issue, turn to **page 5.**

IFT gives course on ingredients

The Institute of Food Technologists is presenting a course in "Ingredient Technology" in Las Vegas at Caesars Palace June 21-22. The Institute's continuing education committee will give the short course, which will be directed at practicing food scientists, technologists, and technical managers. For a program outline, **see page 16.**

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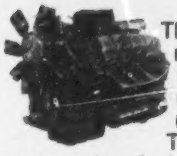

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SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS
JUNE 11, 1982

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY
PUBLISHED EVERY OTHER FRIDAY

Yoshino adds two new designs of PET bottles

TOKYO, JAPAN — Yoshino Kogyosho Co. has come up with two new PET beverage bottle designs, both being used by Sapporo Brewery Co.

The first bottle contains Sapporo's new (April, '82) non-carbonated juice drink, "Ribbon." The product comes in two flavors, orange and grapefruit-type. Ribbon contains 10% juice and 10% cells derived from summer fruit grown in Japan. The cells are added to enhance the drink's health image (high fiber content); 1-L bottles retail for 330 yen, or about $1.75.

Ken Uesugi, director of sales at Yoshino America Corp., located near Chicago, said that lots of interest has been expressed in the new 1-L package from companies overseas and in the U.S.

"Ribbon" is new from Sapporo in 1-L PET.

The unique feature of the 1-L is pleats, or ribs, around the bottle that allow it to maintain its

(Continued on page 23)

Bottled water gallonage and sales by region

Region	Number of establishments	Estimated wholesale sales*	Percentage of total	Estimated gallonage volumes*	Percentage of total
New England	23	$42,750	6.7	42,050	6.8
Mideast	63	$97,750	15.3	98,350	15.8
Great Lakes	47	$64,750	10.2	66,850	10.7
Plains	20	$21,000	3.3	21,950	3.5
Southeast	62	$83,750	13.1	86,500	13.9
Southwest	38	$69,750	10.9	68,050	10.9
Rocky Mts.	16	$13,000	2.0	13,850	2.2
Far West	55	$244,250	38.3	223,700	36.0

*Add 000
Source: Beverage Marketing Corp.

Copyright: Beverage Industry
June 11, 1982

Bottled water

(Continued from page 1)

formation on the soft drinks, beer and related beverage industries, has refined a list of bottled water firms by checking with major industry sources, **Beverage Industry**, association officials and personal contacts.

"The final list which we derived was additionally checked by personal or telephone contact to determine the data we felt was needed to put together the definitive market study," he said.

In addition to a national demographic picture, the 165 page report also has information on regional and state sales and gallonage.

"Since this is BMC's first bottled water report, our initial report does not include trend information," comments Janet Fanshaw, BMC vice president. "In future years, our data will begin to reveal significant changes within the industry."

Dollar sales volume includes bottled water sales and other products which the firms sell or

(Continued on page 22)

One-piece package system debuts for plastic bottles

NEW YORK — A one-piece partitioned corrugated container and packaging system for plastic bottles has been developed by International Paper Co. here.

The TraCell container is formed from a single-wall corrugated blank that, when folded, has two or three integrated cells, depending on bottle size and arrangement desired.

The need to insert separate inner partitions for top-to-bottom container support is eliminated.

The TraCell packaging machine forms containers in a single step at 25 per minute; the system accomodates containers ranging in size from 14 oz. to 1 gallon.

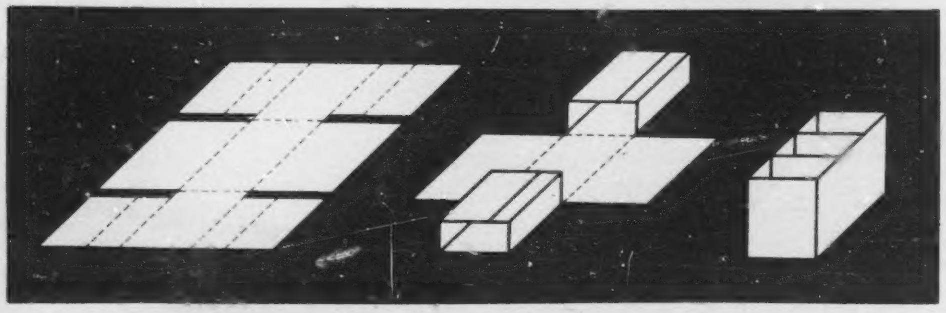
TraCell's one-piece construction can, according to IP, help packers simplify packaging lines and reduce downtime, while also cutting costs by eliminating the inner packaging and the labor and machinery to insert it.

Because packers need only to inventory the corrugated blanks instead of knocked-down regular slotted cartons and accompanying inner packaging, warehouse space is freed and handling requirements reduced.

TraCell's 3000 lbs. of top-to-bottom compression strength enables product to be stacked three pallets high, five layers to a pallet.

•For more information on **IP's TraCell container and packaging system**, circle no. 545 on reader service card.

Packaging machines run TraCell's at 25 per minute.



National Cancer Institute confirms saccharin safety

ATLANTA, GA — An independent review of the National Cancer Institute's (NCI) 1980 study on the human use of artificial sweeteners has concluded that "In the general study group, there was no evidence for an association between non-nutritive sweeteners (saccharin and cyclamate) and bladder cancer."

The review, conducted by Epidemiology Resources Inc. (ERI), confirms the overall finding of the NCI study. "The ERI conclusion further reassures those persons who rely on saccharin products for dietary or health reasons," stated Robert H. Kellen, president of the Calorie Control Council.

The ERI review, published in the April issue of the *American Journal of Public Health*, was undertaken to provide an independent analysis of the NCI data by expert epidemiologists. The NCI study is the largest-ever bladder cancer study, comparing the various lifestyle factors of over 3,000 bladder cancer patients to those of almost 6,000 controls.

The preliminary results of the NCI study were released in April, 1980. They concluded that "in the total study group (9,000 individuals), there was no evidence of increased risk with the long-term use of AS (artificial sweeteners—saccharin and cyclamate) in any form or with use that began decades ago." These preliminary results also raised the possibility that certain subgroups of users of non-nutritive sweeteners might be at an increased risk for bladder cancer. However, the study authors pointed out that such data "could be ascribed to chance variation in subgroups of a study which, overall, shows no association between artificial sweeteners use and bladder cancer."

The recent ERI analysis attributed the potential adverse findings in the NCI study's two small subgroups (females normally at low risk for bladder cancer and heavy smoking males) to a chance association. "We concluded that the data provided little evidence that non-nutritive sweeteners increase risk for bladder cancer among subgroups of users," ERI researchers said.

In an editorial in the same issue

(Continued on page 17)

[illegible]

Sales range	Number of establish-ments	Percent of total	Cumulative percent of total	Estimated wholesale sales volume*	Percent of total	Estimated cumulative wholesale sales volume*	Cumulative percent of total	Estimated gallonage volume*	Percent of total	Estimated cumulative gallonage volume*	Cumulative percent of total
$50 million or more	2	.62	.62	$100,000	17.2	$110,000	17.27	95,000	15.29	95,000	15.29
$25 to $50 million	0	.00	.62	$0	.0	$110,000	17.27	0	.00	95,000	15.29
$10 to $25 million	5	1.54	2.16	$87,500	13.7	$197,500	31.00	75,000	12.07	170,000	27.36
$5 to $10 million	16	4.94	7.10	$120,000	18.8	$317,500	49.84	104,000	16.74	274,000	44.10
$3 to $5 million	11	3.40	10.49	$44,000	6.9	$361,500	56.75	38,500	6.20	312,500	50.30
$2 to $3 million	16	4.94	15.43	$40,000	6.2	$401,500	63.03	40,000	6.44	352,500	56.74
$1 to $2 million	98	30.25	45.68	$147,000	23.0	$548,500	86.11	171,500	27.60	524,000	84.34
$500,000 to $1 million	89	27.47	73.15	$66,750	10.4	$615,250	96.59	71,200	11.46	595,200	95.80
less than $500,000	84	25.93	99.07	$21,000	3.3	$636,250	99.88	25,200	4.06	620,400	99.86
subtotal	321			$636,250				620,400			
unclassified	3	.93	100.00	$750	.1	$637,000	100.00	900	.14	621,300	100.00
total	324			$637,000				621,300			

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June 11, 1982

Bottled water

(Continued from page 4)

lease to customers such as water fountains, ice machines or dispensing equipment. The gallonage, however, only covers actual bottled water sales.

The number of establishments represents actual locations where filling of bottled water—naturally carbonated and noncarbonated —is done. It does not take into consideration multiple plant ownership. In other words, one firm may own more than one plant.

What the BMC figures show is that two firms, both with volumes over $50 million, control fully 17% of the total dollar volume and 15% of the total gallonage in the bottled water industry.

There are seven plants—the two in the top sales group plus five in the $10-million-to-$25-million category — which constitute 31% of total dollar volume, almost a third of the business.

Second most important in sales is the group of 16 plants in the $5 million to $10 million size. This group has $120 million in sales, 18.8%, and sells 104 million gallons, 16.7% of the total.

California dominates

BMC's research, for the first time, clearly establishes the predomination of the Far West region, and California in particular in bottled water.

This region (*see box, this page*) accounts for 38.3% of total U.S. sales; 36% of total gallonage.

California has 36.6% of sales; 34% of total gallonage.

The reason for this lead, according to BMC officials, is poor water quality in the major population centers of the state.

California is also the home base for the two $50-million-plus filling plants.

The next most important area in terms of bottled water sales is the Mideast region which includes the states of Delaware, Maryland,

Bottle water gallonage and sales by state

Region	Number of establishments	Estimated wholesale sales volume*	Estimated gallonage volume*
Alaska	1	$ 750	800
Arizona	7	$13,250	12,500
Arkansas	6	10,500	9,950
California	42	33,500	211,500
Colorado	5	8,750	8,900
Connecticut	6	9,250	10,300
Florida	25	40,750	43,350
Georgia	2	2,750	2,800
Hawaii	1	250	300
Idaho	2	1,000	1,100
Illinois	13	31,750	30,100
Indiana	4	2,750	3,150
Iowa	4	2,750	3,150
Kansas	3	2,500	2,850
Kentucky	4	2,250	2,650
Louisiana	5	14,000	12,850
Maine	3	9,250	8,550
Maryland	5	4,750	5,400
Massachusetts	9	21,250	19,750
Michigan	5	8,000	8,100
Minnesota	4	10,500	9,850
Mississippi	1	250	300
Missouri	4	2,750	3,150
Montana	3	750	900
Nebraska	1	1,500	1,750
Nevada	4	6,000	7,000
New Jersey	13	31,000	30,050
New Mexico	4	2,000	2,200
New York	15	34,000	32,400
North Carolina	5	2,750	3,000
North Dakota	3	750	900
Ohio	17	17,000	19,650
Oklahoma	2	2,250	2,550
Oregon	4	2,000	2,200
Pennsylvania	30	28,000	30,500
Rhode Island	4	2,750	3,150
South Dakota	1	250	300
Tennessee	5	4,000	4,450
Texas	25	52,250	50,800
Utah	2	1,750	2,050
Vermont	1	250	300
Virginia	5	3,250	3,500
Washington	3	1,750	1,900
West Virginia	4	3,250	3,650
Wisconsin	8	5,250	5,850
Wyoming	3	750	900

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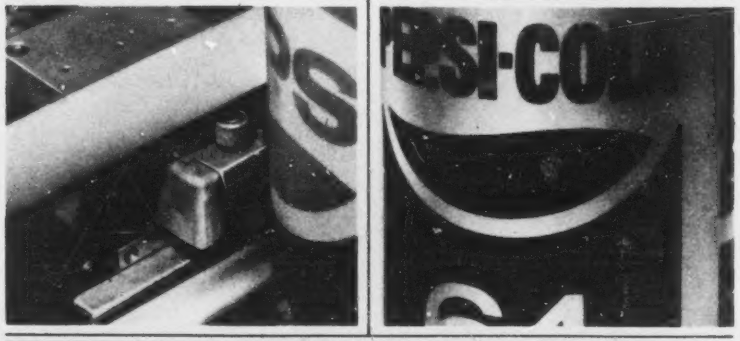

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Regional breakdown

New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

Mideast: Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania.

Great Lakes: Illinois, Indiana, Michigan, Ohio, Wisconsin.

Plains: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

Southeast: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virgina.

Southwest: Arizona, New Mexico, Oklahoma, Texas.

Rocky Mountain: Colorado, Idaho, Montana, Utah, Wyoming.

Far West: Alaska, California, Hawaii, Nevada, Oregon, Washington.

New Jersey, New York, Pennsylvania and District of Columbia. 15.3% of total sales and 15.8% of total gallonage are sold in this region. There are also more individual filling locations in this area: 63.

The Southeast—Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia — has 62 plants which have 13.1% of total sales and 13.9% of total gallonage.

Texas is the kingpin of the fourth ranking region. With $52 million in sales and 50.8 million gallons, it ranks second behind California. The Southwest region — Arizona, New Mexico, Oklahoma, Texas — has 10.9% of total sales and gallonage.

Other regions and their shares of sales and gallonage are: Great Lakes, 10.2%, 10.7%; New England, 6.7%, 6.8%; Plains, 3.3% 3.5% and Rocky Mts., 2.0%, 2.2%.

To obtain a copy of the complete report, contact Beverage Marketing Corp., 2670 Commercial Ave., Mingo Junction, OH 43938; Phone 614-598-4133 or phone, in New York, 212-688-7640.

Sapporo

(Continued from page 4)

shape after hot-filling. The one-piece bottle is reinforced at the neck; the closure is applied roll-on aluminum. Uesugi added that the ribbed design also helps prevent the bottle from slipping out the consumer's hand.

The second PET bottle is the first (April, '82) single-service beer bottle on the market. It contains 340 ml (about 12 oz.) of Sapporo draft beer.

Resin is supplied by, Toray Co. The bottle has a fitted petaloid bottom and an easy-open wide-mouth lip cap; the closure is peel-off aluminum.

Both these bottles are made entirely in Japan, said Uesugi. Yoshino makes the blow-molding equipment. Yoshino and Sapporo were also the first to come out with a PET beer container, in a 2-L size *(See* **BI**, *May 8, 1981, pg. 20).*

National rollout for Soft Wines

HAMMONDSPORT, NY—The Taylor Wine Company, located here, has instituted a national rollout of Lake Country Soft Wines.

"Lake Country Soft wines are designed to meet the increasing demand for refreshment wines meant to be served ice cold, as evidenced by the dramatic growth in Italian lambruscos," said Merryl Scott, brand manager of The Wine Spectum.

Rollout of the soft wines follows successful test market results in Albany, Atlanta, Miami, Raleigh-Durham and Syracuse. Soft red, white and pink wines are available nationwide in 170 ml and 1.5-L sizes; they retail for about $2.99 and $4.99 respectively.

The rollout is supported by a radio ad campaign to run in 19 markets. The commercials, created by Kenyon & Eckhardt Advertising, New York City, are aimed at adults, aged 21-54.

A POS campaign featuring shelf talkers, case cards and cold box stickers for off-premise use and table tents for on-premise use reinforce ads for the brand.

New labels, designed by the Chajet Design Group, New York City, incorporate the Taylor logo and visually distinguish the new soft wines from Lake Country table wines and the rest of the Taylor line.

Labeling

(Continued from page 1)

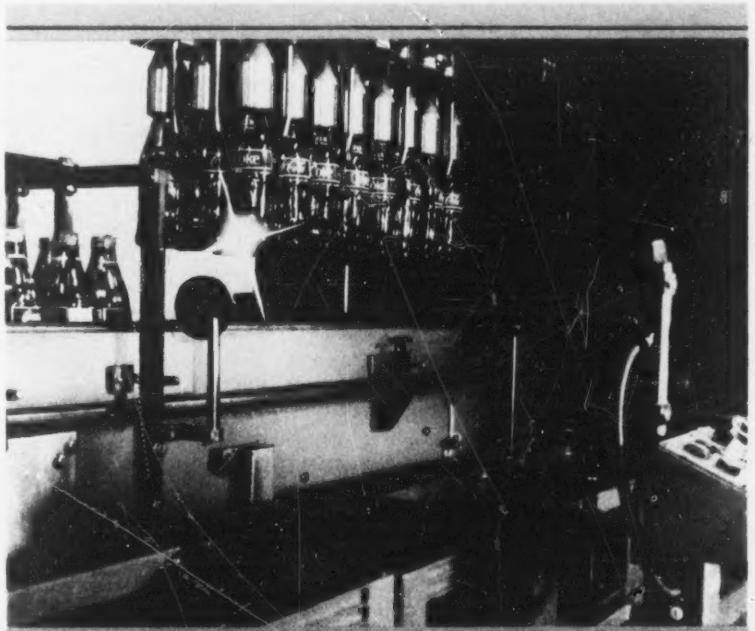
The consumer groups' request serves as a voluntary means of circumventing the Bureau of Alcohol, Tobacco and Firearms' November rescission of its ingredients labeling regulation, which CSPI has challenged in district court here.

But both the Departments of Health and Human Services and Treasury have already concluded that alcohol warning labels are not necessary, and "those responsible in government have repeatedly found that ingredient labels would serve no useful purpose," noted the Distilled Spirits Council of the U.S. in response to the groups' voluntary labeling proposal.

Furthermore, industry has already mounted several voluntary educational and scientific programs so the public is aware of responsible drinking behavior. For instance, the Beverage Alcohol Information Council (BAIC) comprised of 10 trade associations including the U.S. Brewers Association and the Wine Institute, has instituted public education campaigns on the hazards of drinking and pregnancy and alcoholism as a treatable disease.

And the Wine Institute is involved in the Community Mobilization for Action Program, where the institute funds and the Alcoholism Council of California conducts educational programs on alcoholism throughout 10 counties.

The Wine Institute also has a strong code of advertising standards which stressed that wine is a table beverage to be consumed with foods; ads are not aimed at youth; the product is not presented as essential to social attainment or success; and wine is not shown or associated with driving.



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SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

JUNE 25, 1982

Beverage Industry

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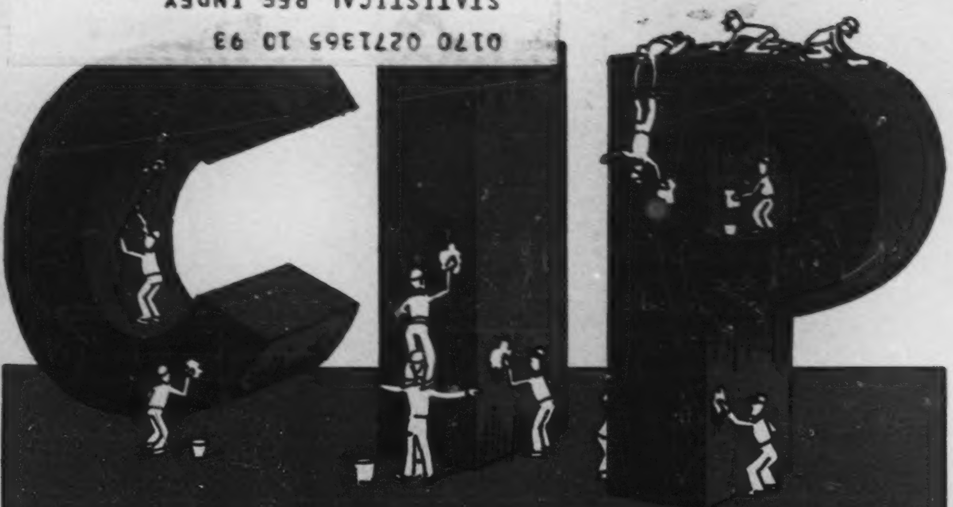


Sanitation methods reach hi-tech level

by John Norton
[illegible] Editor

SPECIAL REPORT — Once an area of marginal concern, sanitation is rapidly moving to the forefront of importance in plant operations since the advent of [illegible] product bottling lines.

Plant managers are realizing that simply flushing out today's highly technological bottling equipment is not an effective means of handling microorganisms. The modest procedures of the past are giving way to a more scientific approach in an effort to consistently [illegible] product integrity. The sanitation field in today's beverage industry is coupling effective yet safe chemicals with sophisticated equipment to assure quality control.

Steve [illegible], beverage industry manager for the Diversey Wyandotte Corp., stated, "Our firm has taken the technology and experience gathered over the years

(Continued on page [illegible])

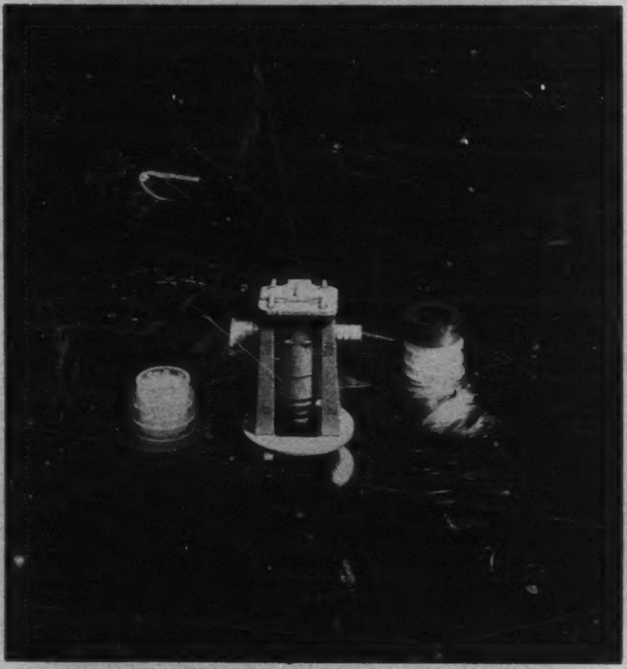
USBA launches nat'l drunk driving radio campaign

WASHINGTON, DC — Concern over inappropriate use of beer, especially by American youth, has prompted the United States Brewers Association (USBA) to launch a national public service campaign about the hazards of drinking and driving.

Radio spots telling teens to "think twice" before getting behind the wheel have been sent to 4,000 stations throughout the country, and are being presented at a time when the federal and 33 state governments are also trying to combat this growing problem.

In fact, a Presidential Commission on Drunk Driving, chaired by former Transportation Secretary John Volpe, was recently created to help local

(Continued on page 6)



Liqui-Box improves on bag-in-box. P. 24

Admin. looks to ease food safety standards

WASHINGTON, DC—An administration sub-cabinet group has proposed a new means of evaluating food safety, so the rigid interpretations that in the past led to the saccharin and acrylonitrile controversies could be replaced with a more flexible approach in determining what poses a health threat to the public.

At presstime, industry observers and consumers were commenting on the plan which attempts to build upon, rather than rewrite existing food safety statutes administered by the Food and Drug Administration and the Agriculture Department. Of particular interest to beverage manufacturers and packagers are the Working Group's recommendations to amend the Delaney clause and assessment procedures for indirect additives.

The Delaney clause now requires the banning of substances found to cause cancer in animals or man. But the sub-cabinet group, which includes representatives from FDA, USDA, the Department of Health and Human Services and the Environmental Protection Agency, suggests that carcinogens be evaluated based on:

- whether animal test data is relevant to humans
- health benefits derived from food or color additives;
- risk assessment to determine the significance of the presence of carcinogenic consti-

(Continued on page 2)

BI Week

• Beatrice seems intent on adding to its beverage operations. In addition to acquisition of San Diego and San Bernadino Coke, the firm has also been granted a Coke franchise for Venezuela covering approximately 70% of that country's population. Firm wil hold up against strong local Pepsi-Cola franchisee in that country, run by the Cisneros family.

• FDA has thrown a monkey wrench into RC's plans for calling its Decaffeinated RC "caffeine free." Product contains 1-part-per-billion caffeine. At presstime the firm was mulling FDA suggestions that it add the low amount of caffeine to the list of ingredients or to the label panel.

• Soft drink wars in Great Britain are beginning to look like U.S. versions. Dr Pepper signed a franchise agreement with Britvic earilier this year and rolled out its product in April. So far, sales are "favorable" with a target date of sales levels "ap-

(Continued on page 39)

Pabst looks to sell stock at $25/share

MILWAUKEE, WI — Pabst Brewing Co. is still willing to strike a deal with C. Schmidt & Sons, or someone else to purchase Pabst for $25 per share cash.

Pabst rejected the latest Schmidt offer of $20 per share, or $180 million plus an extra $5 principle amount subordinated debentures for each Pabst common share. The total price would have been about $210 million.

On May 18, the Pabst board of directors met and decided to reject that offer. (Schmidt wanted Pabst to accept the deal in principle no later than that date. Schmidt also wanted to close the deal on August 15.)

Pabst rejected the deal because of what it called "uncertainties." For instance, would the deal really be consummated? Because, why did Schmidt want to look at Pabst's books before closing? Also, the debenture arrangement was questionable in Pabst's view.

Pabst was, in addition, worried about how its distributors would react to the merger, especially during the peak selling months of summer. What incentive would distributors have if the company was sold?

The Pabst board decided that they would seriously consider only a cash offer. At presstime, Schmidt had not revised its offer further, and no other companies had expressed interest.

Contents

Admin. revising food standards

An administration sub-cabinet group is looking into new ways of evaluating food safety so that the rigid interpretations of the past could be replaced with a more flexible approach in deciding what poses health threats to the public.

The plan tries to build upon, rather than totally rewrite existing statutes. The group is recommending changing the Delaney clause and reassessing procedures for indirect additives, a move that would have a significant impact on the beverage industry. For details on the subcabinet's suggestions, see **page 1.**

Bronco marketing first wine in PET

Bronco Wine Co. put PET-bottled wine on store shelves in selected test markets beginning May 3. The 1.5-L bottles of burgundy, chablis and rose, with Bronco's JFJ label, appeared first in Fresno, CA. Phase two of the test was scheduled for May 21.

Although Geyser Peak was the first winery to announce plans to put wine in PET, Bronco apparently won the "race." For complete details, see **page 4.**

SD can sales in Europe hit 4.4 bil.

Last year, sales of canned soft drinks in Europe reached 4.4 billion units, for an 8% increase over 1980, according to Canadean Limited. That represents 10.5% of total soft drink consumption in the 12 countries where cans are sold. Except for the U.K., there appears to be steady growth in soft drink cans on the continent.

Germany accounts for almost 40% of sales in cans, making it the leader. Germany, Italy and the U.K. combined to account for more than 80% of total canned soft drink sales in Europe in 1981. For more on what the Canadian Limited study reveals about the European market, see **page 4.**

Chemicals, methods key to sanitation

Walt Hardy, director of technical services at Bio-Cide Chemical Co., explains in depth prevention of microbial contamination in bottling operations. His article describes the "bugs" themselves and the sanitizers used to control them. He discusses the sanitizing agents relative to their strengths and weaknesses. His article begins on **page 12.**

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Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY PUBLISHED EVERY OTHER FRIDAY

Wine in PET bottles hits store shelves in California

SPECIAL REPORT — The first wine packaged in polyethylene terephthalate (PET) bottles is on store shelves in selected test markets, and Bronco Wine Co. put it there.

The company became the first winery to do so when it hit the Fresno, CA market on May 3 with 1.5-liter bottles of burgundy, chablis and rose carrying its own JFJ label. The wine is being sold in the Liquor Barn section of Safeway supermarkets in Fresno. A larger test in 18 Ralphs Grocery outlets, also in California, was scheduled at presstime to begin May 21.

Bronco's entry culminated what often appeared to be a race during the last few months to see who in the wine industry would be first to the marketplace. Geyser Peak Winery, a company noted for trying new packaging concepts for wine, had been the first to announce publicly its intention to test wine in PET. Within days of the Geyser Peak announcement, **Beverage Industry** learned that both Bronco and Giumarra Vineyards had similar plans.

At the time, wine from the three companies was expected to hit test markets almost simultaneously. However, last minute changes in marketing plans, capping problems, production experimentation and assorted other glitches caused all three to miss their original timetables.

Bronco is the first to move wine out of its warehouses, but the other two firms are hot on its heels and will be in restaurants and bars and on store shelves in the early summer.

Actually, Bronco's initial test placement was easy to achieve, because the Safeway locations are almost in the back yard of its Fresno plant. The big rollout will be through Ralphs, which is

CALIFORNIA
CHABLIS

Bronco's 1.5-L PET bottles of wine.

placing approximately 6,000 cases — with the bottles bearing generic labels.

All three wineries are participants in what amounts to a marketing revolution in the wine industry — a revolution in which new packaging and promotion will play major roles. The emphasis is on taking the mystique out of wine, adopting a variety of convenient new package forms, creating new products and product lines and using soft-drink-style marketing approaches to convince the American public that wine is an everyday beverage, not something suitable only for special occasions.

(Continued on page 20)

Single service glass shipments on increase

WASHINGTON, DC — Prelabeled single service glass shipments qualifying for the Glass Vending Association's "Go First Glass II" bottler incentive program are up 35.9% over last year, according to Gunter Rohland, Glass Packaging Institute vice president.

Shipments from December, January, and February, the latest available figures, show pre-labeled 10 oz. single service up 36.3% and 16 oz. up 35.8%. Rohland said that during that period 47,178,276 cases were shipped vs. 34,712,862 cases for the same period a year ago.

There are 750 soft drink bottlers participating in the "Go First Glass II" program thus far this year, Rohland stated. "That compares to 659 bottlers during the entire program last year," he noted.

(Continued on page 14)

European canned SD sales reach 4.4 billion units

LONDON, ENGLAND—Sales of canned soft drinks in Europe reached about 4.4 billion units in 1981, an increase of over 8% from the previous year, according to a new review of soft drinks in cans published by Canadean Limited, located here. At that level, they represented 10.5% of total soft drink consumption in the 12 European countries where canned soft drinks are sold, up from 9.7% in 1980.

The review paints a picture of steady growth in soft drink cans in most European countries, with the exception of the UK.

Germany, which now accounts for nearly 40% of European sales of canned soft drinks, saw can sales accelerate last year by almost 15%, despite the recession. By contrast, sales in the UK (26% of the European market) fell by 5.5% to their lowest level for three years.

The sheer size of the overall German soft drinks market, however, means that cans still only represent 12% of total carbonates consumption. In the UK they account for 19.5% of soft drinks sales. But this penetration level is now significantly under the peak of 23% reached in 1978.

The next most important European market for canned soft drinks is Italy, where sales jumped 20% in 1981 to 691m units, representing nearly 15% of total consumption of soft drinks.

Together, Germany, the UK and Italy accounted for just over 80% of Europe's canned soft drinks sales in 1981.

The review points out that: "Cans face price problems in two dimensions in Europe. The first involves the retail price of the can

(Continued on page 14)

European domestic consumption of canned carbonates
(million units)

	1977	1978	1979	1980	1981
Germany	1,052	1,152	1,282	1,473	1,691
UK	1,245	1,342	1,388	1,215	1,148
Italy	315	365	458	576	691
Spain	–	60	126	191	191
Netherlands	103	109	121	127	133
France	9	30	67	97	118
Sweden	42	67	73	109	118
Belgium	61	70	77	85	97
Austria	42	52	67	76	81
Eire	55	61	71	62	65
Switzerland	9	9	9	18	24
Finland	3	3	3	10	9
Total 12 Countries	2,936	3,326	3,742	4,039	4,376

Source: Canadean European Soft Drinks Service

Copyright: Beverage Industry, June 25, 1982

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products are flexible in application, quick acting and non-corrosive. It is not recommended that they be blended with detergents and therefore do not have the dual action cleaner-sanitizer action as some others have. Chlorine dioxide has more oxidizing potential than chlorine and does not produce chlorinated by-products.

Quaternary Ammonium Compounds. These "Quats," including the cationic detergents have very good cleaning characteristics and sanitizing properties, however, it is generally agreed that they are more effective against gram positive bacteria than gram negative. Quats do not exhibit sporocidal activity and display incompatibility with many other chemical agents, such as soaps and iodine. They do not irritate the skin and are non-corrosive to machinery and lines. Quats can be combined with non-ionic wetting agents to formulate detergent sanitizers. Quats are generally slower acting than most other compounds and can leave an objectionable film on treated surfaces. They are relatively expensive and there is evidence that organisms can mutate to resist destruction from quats. In addition they do not have an easily detectable residual.

Aldehydes. Because these are very noxious products, toxic to both microbes and man, the use of aldehydes, especially formaldehydes, should be limited or replaced as soon as possible. Because of health problems of workers and customers, the use of formaldehyde cannot be recommended.

Strong Acid and Alkalies. Acids and bases show excellent germicidal activity for selected groups or organisms. Sporocidal activity is much more pronounced with acids than with caustic. Acids also have the advantage of dissolving hard water deposits. Caustics, along with their germicidal activity have the advantage of being good cleaning agents as well. In many cases, these acids and bases are used in conjunction with other compounds to give a more complete cleaning-sanitizing effect. They are relatively inexpensive but must be handled with great care and stored safely.

There are a number of factors to be considered when fitting a sanitizer with the requirements of a particular application. If the application requires a short contact time, then one must look to the more rapid acting agents. The pH must be compatible and the proper concentration of sanitizer applied. Usually the application will dictate most if not all of the criteria that the sanitizer must meet. Temperature, number and types of organisms present and the simply physical requirements all must be considered. Can the sanitizer be sprayed or fogged? Can it be added before or after another compound? Is is active in high organic loads or alkaline conditions?

Most of the larger concerns have elaborate testing procedures to evaluate the many parameters necessary to ensure complete compatibility. Others rely on the wisdom and expertise of the plant manager, or the advise of the full service chemical supply companies whch service the industry. To obtain and maintain a sanitary condition requires a team effort of considerable proportion from all levels. To this end, an understanding of the basic principles of sanitation by all concerned will certainly aid in a smooth and efficiently run plant, producing the highest quality products available today.

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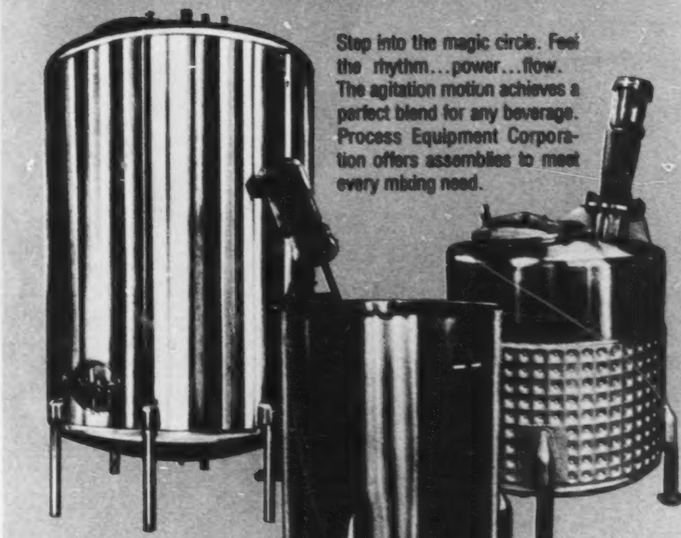

European cans

(Continued from page 4)

relative to other packages. Here the can is expensive, with the premium ranging from 1.5 to nearly 3 times as expensive as the equivalent volume in a liter bottle.

"The second involves the retail price of the can in relation to real disposable incomes. In Germany the can is seen to be cheap enough to warrant a premium for 'convenience;' sales volume has moved ahead well. By contrast, in the UK the can had become an 'expensive' purchase and sales volume fell."

1981 saw an upsurge in exports of cans from Germany to the UK, France and Belgium; largely due to the price advantage enjoyed by German filled cans. This price advantage was based partly on the fact that locally made empty cans were 10-20% cheaper than in the UK.

In addition, German can fillers were operating more efficiently. In 1981, total German production (including exports) was some 1.6 billion cans from no more than 12 filling lines. UK output was 1.1 billion cans from more than 20 filling lines.

The downturn in the UK market meant that in 1981 fillers were having to cope with substantial excess capacity. The Canadean Review shows that, on average, fillers were working at only 85% efficiency, measured on a single-shift basis; German fillers were working at 160% efficiency on the same basis, i.e. on average they were able to achieve two-shift working fairly comfortably.

As far as brands were concerned, the review points out that the major international brands continued to dominate the European market for canned soft drinks.

The review covers the 12 European markets where cans are sold in significant amounts.

Single service

(Continued from page 4)

In other areas of single service, Rohland reported that in 1981 10 and 16 oz. pre-labeled glass increased market share by 20.4% in supermarkets. Single service glass sales over cans increased in 30 of 32 marketed measured by an independent research firm.

"Last year in side-by-side tests with bottlers, pre-labeled glass vendors outsold can vendors by 40% to 213%," Rohland said. Last year's program led to the placement of 72,000 pre-labeled glass machines, and that's just the number of bottlers brought to our attention," he said.

The "Go First Glass II" program offers bottlers a 4 cent per case credit for purchases of 10 and 16 oz. single service through August 30 1982. Bottlers are reimbursed by the Glass Vending Association for the qualifying glass vending machine purchases if the bottler matches the credit dollar amounts he has earned. The credits may also be applied to approved glass vending machine retrofit devices.

Participating glass companies are: Anchor Hocking Corp., Ball Corp., Brockway Glass Co., Inc., Chattanooga Glass Co., Foster-Forbes Glass Co., Northwestern Glass Co., Glenshaw Glass Co., Inc., Indian Head, Inc.-Laurens Glass Co., Kerr Glass Mfg. Corp., Liberty Glass Co., Midland Glass Co. and Owens-Illinois, Inc.

King Cola sells assets under Chapter XI

NEW YORK, NY — The franchise holders of the King Cola World Corp. said that the U.S. Bankruptcy Court has approved the sale of all assets out of Chapter XI proceedings effective May 17.

The sale was made to a newly-formed corporation called King Cola, Inc., which is made up of the owners of the 20 existing franchise markets. They will maintain headquarters here.

The board of directors of King Cola, Inc. will be headed by E.W. Kelley, chairman, and CEO, Alva T. Bonda, vice chairman, James D. Lanham, Neely Cassady and Bert Olsen.

Thomas J. Bonda will be president and CEO.

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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Dec. '81	Jan. '82	% change
Bottles -Total	23,272	24,457	5.1
Beverage:			
refillable	360	208	(42.2)
nonrefillable	3,681	3,409	(7.4)
under 10 oz	61	109	78.7
10.0 to 15.9 oz	1,176	988	(16.0)
16.0 to 16.9 oz (includes .5-L)	1,975	2,060	4.3
17.0 to33.9 oz (includes 1-L)	469	252	(46.3)
34.0 oz and over (includes 2-L)	—	—	—
Beer:			
refillable	132	213	61.4
nonrefillable	8,065	8,305	3.0
under 11 oz	1,052	1,321	25.6
11.0 to 15.9 oz	6,528	6,482	(0.7)
16.0 and over	485	502	3.5
Liquor:	1,117	1,282	14.8
Under 125 ml (4.23 oz and under)	100	126	26.0
126 to 275 ml (4.24 to 9.3 oz)	268	348	29.9
276 to 500 ml (9.31 to 16.9 oz)	148	198	33.8
501 to 800 ml (16.91 to 27.04 oz)	234	245	4.7
801 to 1000 ml (27.05 to 33.80 oz)	229	245	7.0
1001 ml and over	138	120	(13.0)
Wine:	711	193	(72.9)
126 to 500 ml (4.24 to 16.9 oz)	145	117	(19.3)
501 to 800 ml (16.91 to 27.04oz)	300	369	23.0
801 to 1000 ml (27.05 to 33.08 oz)	227	17	(92.5)
1001 to 1600 ml (33.81 to 54.08 oz)	—	190	—
Over 1600 ml (over 54.08 oz)	39	100	156.4

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	Jan. '82	Feb. '82	% change
Metal (for spirits, wines)	59,731	56,556	5.3
Plastic (for spirits, wines)	84,158	132,743	57.7
Metal crowns (beer and soft drinks)	18,474	19,913	7.8
Soft drink (convenience types)	1,487	2,052	38.0
Soft drink (conventional types)	6,086	6,604	8.5
Beer (convenience types)	8,724	8,797	.84
Beer (conventional types)	2,177	2,460	13.0
All other metal closures other than crowns	4,772	5,998	25.7

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	Feb. '82	Mar. '82	% change
Beer*	11,457,293	24,957,576	117.8
Whiskey	4,650,081	8,978,343	93.1
Brandy	334,326	840,960	151.5
Gin	264,884	574,979	117.1
Rum	37,037	70,272	89.7
Cordials and liqueurs	500,128	1,239,323	147.8
Others	536,073	1,117,034	108.4
Total	**17,779,822**	**37,778,487**	112.5
Sparkling wines	332,495	987,571	197.0
Still wines, table	6,006,026	16,381,289	172.7
Still wines, fortified	93,605	314,763	236.3
Vermouth	113,075	453,917	301.4

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected consumer price index

(The year 1967 equals 100)

	Nov. '81	Dec. '81	% change
Cola	296.1	295.7	(1.1)
Other carbonated soft drinks	139.3	137.2	(1.5)
Noncarbonated drinks	136.4	137.1	0.6
Wine	203.6	203.5	0.0
Beer and ale	237.4	238.0	0.2

Sweetner data

(Cents per pound, dry basis)

	Nov. '81	Dec. '81	% change
HFCS wholesale prices			
California	20.21	20.21	0
New York	19.72	19.72	0
Chicago-West	19.72	19.72	0
Beet sugar wholesle prices	25.41	26.39	3.9
Dextrose wholesale prices			
California	28.64	28.64	0
New York	27.17	27.17	0
Chicago-West	27.17	27.17	0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Nov. '81	Dec. '81	% change
Bottles and cans	10,763,745	11,259,178	4.6
Barrels and kegs	1,623,312	1,648,054	1.5
For export	198,420	199,926	0.8
Other	11,833	12,907	9.1
Total	**12,597,310**	**13,120,065**	**4.1**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	Nov. '81	Dec. '81	% change
Still wines (bulk)	111,706	158,581	42.0
Still wines (bottled)	31,434,519	30,804,093	(2.0)
Effervescent wines bulk & bottled)	3,906,441	2,724,113	(30.3)
Total	**35,452,666**	**33,686,787**	**(5.0)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	Aug. '81	Sept. '81	% change
Whiskey	12,041,841	14,272,681	18.5
Brandy	1,094,227	1,200,650	9.7
Rum	1,957,352	2,127,667	8.7
Gin	3,047,178	3,307,410	8.5
Vodka	7,152,538	8,380,937	17.2
Cordials and liqueurs	2,316,801	3,002,165	29.6
Cocktails and mixed drinks	737,483	804,096	9.0
Total	**28,347,420**	**33,095,606**	**16.7**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	Dec. '81	Jan. '82	% change
Plastic bottles (blow-molded)	1,159,831	1,170,063	.8
Carbonated beverages*	213,284	165,865	(22.2)

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Dept. of Commerce
Bureau of the Census

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June 25, 1982

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SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS JULY 9, 1982

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BI Package of the Week

Continental technique prints under PermaTabs.

CCC prints under PermaTab for new Squirt can promo

STAMFORD, CT — The first nationwide soft drink promotion for cans based on printing under the non-detachable tab, which was made possible by technology developed by Continental Can Co., USA, has been launched by SquirtCo.

In the SquirtCo promotion, which started June 1, consumers can win prizes by matching the under-the-tab number on Squirt and Diet Squirt can tabs with a rub-off number on a baseball game card. The game card accompanies a collectable Topps baseball card on can and bottle hangers. SquirtCo is funding the prizes and handling all entries for its bottlers. Winners will receive prizes ranging from $.50 to $1,000 in groceries. Cooperative promotion materials available to bottlers will include selling folders, pole toppers, newspaper ad slicks and a radio spot commercial.

"Until this technological breakthrough, promotion options involving non-detachable tabs were limited to scratch embossing, which lacks the legibility, security, and manufacturing latitude to randomly distribute winning and non-winning tabs on an equitable basis," said Michael Fogarty, president of SquirtCo, "and we are pleased that our bottlers now have the opportunity to promote the full range of soft

(Continued on page 15)

A&W franchises BMI, PBG, Zetz Bottling Co.

NEW YORK—A&W Beverages Inc., has signed agreements with Pepsi-Cola Bottling Group (PBG), Zetz 7UP Bottling Co., Inc., and Beverage Management Inc., of of Columbus, OH to distribute regular and sugar free A&W Root Beer.

PBG will distribute the product in parts of Pennsylvania and New Jersey, Zetz in the New Orleans and Baton Rouge areas, and Beverage Management in most of Ohio and parts of West Virginia and Kentucky.

Initial packaging for the PBG distribution area will include 12 oz. cans, 10 oz. and 16 oz. nonreturnables and 2-L PET, while packaging in the Beverage Management area will include 12 oz. cans, 16 oz. PlastiShield, 16 oz. returnable and 2-L PET.

A&W is the nation's largest selling root beer brand, representing about 2% of the soft drink market and over 30% of all root beer sold nationally. It is distributed by over 250 bottlers in 49 states.

BI Week

- **Sweet'N Low has granted MBC Beverages Inc. the rights to use the name on new line of diet soft drinks. Sweet'n Low beverages set to debut in Twin Cities in late July-early August. Coke Midwest is contract packing, Fist Brokerage is warehousing and distributing. Eight flavors, including two colas (one sugar-free the other caffeine-free and sugar-free), to be introduced in that market; 13 flavors formulated to date. See next issue, Package of the Week, for details.**

- **The New York State forced deposit legislation may cost producers, distributors and retailers even more than the $400 million originally anticipated. Miller's Fulton brewery, serving a number of**

(Continued on page 31)

Royal Crown, FDA in flap over caffeine-free labels

WASHINGTON, DC — Royal Crown will not be allowed to label its decaffeinated cola as "caffeine free," the Food and Drug Administration maintains.

The cola manufacturer sought such a labeling designation, even though its product does contain less than one part per billion of caffeine.

Royal Crown was the first company to offer "sugar free" cola in 1965, when FDA approved the term since the sugar quantity was so small "as to be undetectable in standard testing procedures," said Noland Murrah, the firm's general counsel.

He said that the decaffeinated cola contains "caffeine levels far smaller than the minute amount

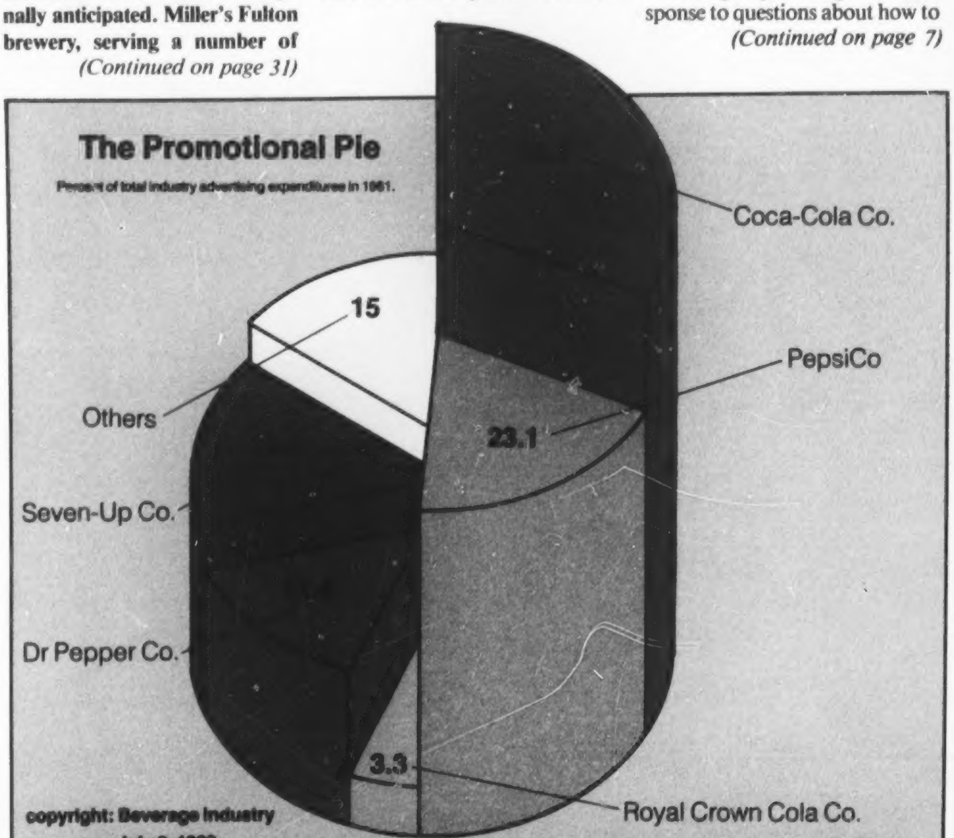
(Continued on page 10)

Low alcohol wines are subject to food label regs.

WASHINGTON, DC — When "light" wine contains less than 7% alcohol, it ceases to be considered a wine, and is subject to food labeling regulations, claims the Food and Drug Administration.

The agency's ruling was in response to questions about how to

(Continued on page 7)



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July 9, 1982

SD ad spending off $15.5 mil.

By Robert Kreutzer
Senior Editor

SPECIAL REPORT—Effects of the allocation of promotional funds to different mediums is clearly evident in recently revised advertising expenditures of U.S. soft drink companies. The numbers show that total outlays in six measured media dropped by $15.5 million, 1980 to '81.

Working with the Television Bureau of Advertising, Beverage Industry was able to correct some of the figures contained in

(Continued on page 10)

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Contents

Ad expenditures down but sales still up

Soft drink companies are spending less money on advertising then they have in the past years. Total outlays dropped by some $15.5 million, 1980 to 81. The six forms of media used were magazine, newspaper supplements, network and spot television, network radio, and outdoor. Soft drink firms spent $230 million last year promoting brands in these media. The result was a 2.7% increase in sales. For complete details on advertising expenditures in 1981, see **page 1.**

Pabst changes ads, aims at women

Pabst Brewing has three new commercials now on the air to push its flagship brand. The new ads feature non-actors who speak in their own words about the product. They represent a further move away from the usual TV commercial. One of the ads is aimed specifically at the female segment of the market, one which had previously been neglected. For a look at the advertising and more details, see **page 4.**

Less inflation to aid industry

Declining inflation, which will bring lower interest rates, will have investors ready to invest in new packaging equipment, according to Arthur R. Schaefer, president of NJM, Inc. and chairman of the show committee of PMMI. Schaefer believes that although government spending will keep interest rates at a higher than normal rate, that rate leaves plenty of room for decline. For more information on the effects of inflation and interest rates, see **page 4.**

Norand system makes route sales easier

Norand's new route-commander system is designed to make life easier for the route driver-salesman. A briefcase sized computer used right in the truck eliminates paper work so the salesman has more time to sell. The system also makes it almost impossible to make a mistake, and is theft proof. Invoices are automatically printed out, and at the end of the work day, all information is sent to the company's main frame computer to be stored. To find out more about the system, and how Dalhart Coca-Cola Bottling Co. of Texas has made it work for them, see **page 5.**

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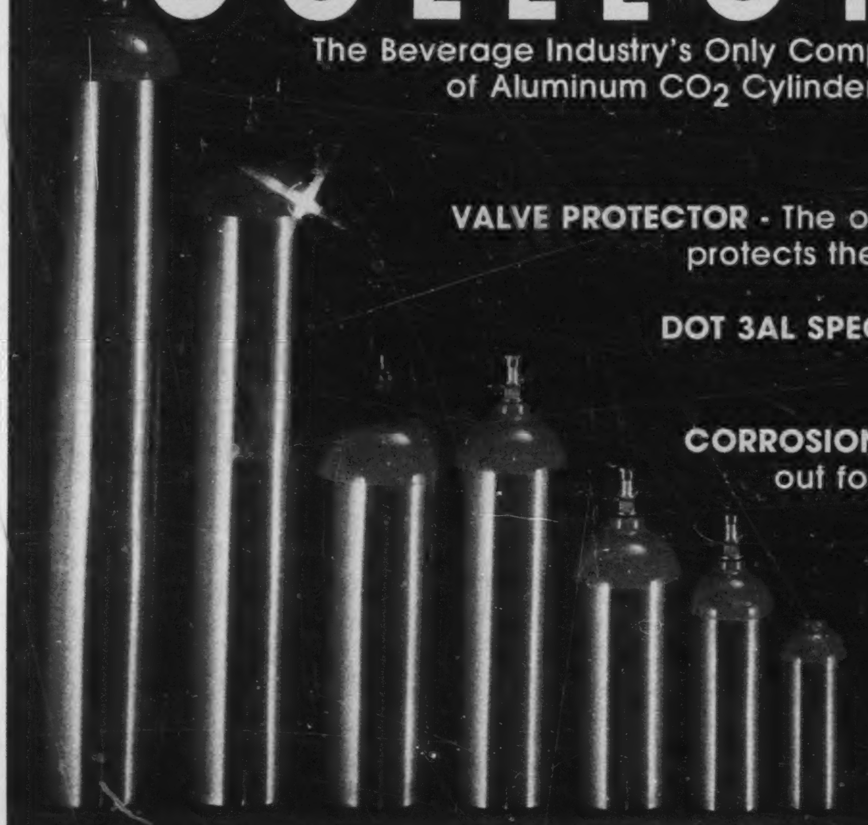

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Per case SD ad expenditures, 1980-'81

(¢ per case)

	1980	1981
Coca-Cola Company		
Coca-Cola	2.51	2.62
Sprite	6.26	6.46
Tab	6.70	7.04
Fanta	—	—
Mr. Pibb	3.08	2.06
Mello Yello	6.80	5.28
Fresca	28.08	15.42
Others	0.40	5.00
Total	**3.52**	**3.53**
PepsiCo		
Pepsi-Cola	3.76	2.15
Diet Pepsi	7.53	6.99
Mountain Dew	6.04	6.09
Pepsi Light	21.67	17.24
Teem	0.67	0.71
Others	3.53	—
Total	**4.69**	**3.42**
Seven-Up		
Seven-Up	8.04	7.77
Sugar-Free Seven-Up	12.34	10.14
Howdy Flavors	—	—
Dixie Cola	—	—
Total	**8.54**	**8.03**
Dr Pepper		
Dr Pepper	3.41	2.98
Sugar-Free Dr Pepper	4.20	3.90
Others	—	—
Total	**3.60**	**3.16**
Canada Dry		
Canada Dry	6.93	8.13
Barrelhead	8.50	5.59
Others	—	—
Total	**5.60**	**6.50**
Welch's	**8.67**	**5.06**
Others	—	—
Grand Total	**3.91**	**3.78**
Royal Crown		
Royal Crown	3.99	1.95
Diet-Rite Cola	9.19	13.78
Nehi and Others	0.20	0.23
Total	**3.94**	**3.29**
Crush International		
Hires, Crush, etc.	0.48	—
Sun Drop	—	—
Total	**0.42**	—
Dad's Root Beer		
Dad's Root Beer	1.76	1.47
Diet Dad's	—	—
Bubble Up	2.56	1.08
Total	**1.77**	**1.18**
Schweppes	**7.41**	**6.94**
A & W Root Beer	**7.07**	**7.38**
Squirt	**0.74**	**0.78**
Faygo	**0.90**	**6.75**
All Others	**2.68**	**3.44**
Industry Average	4.08	3.70

Source: Lehman Brothers Kuhn Loeb Research (revised).

Copyright: John Maxwell, Beverage Industry, July 9, 1982

Advertising

(Continued from page 1)

year-end reports from Leading National Advertisers. The major revisions were in the spot TV category, i.e. local market funds which were most susceptible to conversion to other methods of promotion.

Soft drink companies spent about $230 million last year promoting brands in the six media: magazines, newspaper supplements, network and spot television, network radio and outdoor. During the same period, the industry managed to increase total sales by a modest 2.7%.

Industry average

On average, the industry spent 3.70 cents per case for advertising in 1981. Companies spent more per case on the diet drinks than they did on regulars.

It should be noted that a few industry sources suggested that soft drink companies spent at least as much last year on advertising and promotion as in 1980. Others indicated that while **BI's** year-end total may be conservative, the overall reduction is realistic.

As they did in 1980, Coca-Cola and PepsiCo combined ac-

Owens-Illinois reorganizes staff functions, operations

TOLEDO, OH — Reorganization of the operations and staff functions of Owens-Illinois, Inc., to facilitate profitable growth of the company around the world, was announced by Edwin D. Dodd, chairman and chief executive officer.

Robert J. Lanigan, president and chief operating officer, said the company's former domestic and international operations are being replaced by a worldwide organization structure along product lines.

These new Worldwide Operating Groups, Lanigan said, are Glass Container, Forest Products, Health Care, Plastic Products & Closure, and Consumer Products. These product groups combine eight domestic divisions operating 103 plants and four international divisions with affiliates and associates operating 100 facilities in 22 countries outside the U.S.

"Each of these groups now is responsible for managing the international businesses of the company in its product lines and for expansion of these product lines into profitable new markets," Lanigan said. "This new structure aligns the company's existing product lines into groups with distinct markets, proprietary technology, common production capabilities, and raw material needs," he added.

The Glass Container Group is made up of the company's Glass Container Division and affiliated glass container companies in West Germany, the United Kingdom, Spain, Asia and the Far East, and Latin America.

The Forest Products Group includes the Forest Products Division and affiliated containerboard and box operations in Mexico and France.

Health Care Group is made up of the Kimble Division, Prescriptionware, formerly in the Closure Division, and affiliates producing health care packaging in Germany, Indonesia, Mexico, Italy, and the United Kingdom. The company's interest in Health Group Inc., a hospital management company, also is a part of this group.

The Plastic Products & Closure Group consists of the Plastic Products and Closure Division, as well as affiliates producing resin in Taiwan and plastic beverage containers in Chile.

The new Consumer Products Group includes Libbey Glass, Television Products, and Component Product Divisions, as well as affiliates and associates producing table glassware in Belgium and Japan, glass television parts in Korea and Japan, and foam plastic products in Australia and Japan.

Named by O-I as group vice presidents to head these Wordwide Product Groups are: Glass Container Group, Joseph H. Lemieux, formerly group vice president, domestic Glass Container & Closure Group; Forest Products Group, William Laimbeer, formerly general manager of the Forest Products Division; Health Care Group, Bill B. Jones, formerly group vice president of Consumer & Technical Products; Plastic Products & Closure Group, William J. Graham, formerly general manager of the domestic Plastic Products Division; Consumer Products Group, Laurence W. Hecht, formerly general manager of the domestic Television Products Division.

To facilitate the orderly development of Wordwide Product Group organizations, Lanigan announced that an International Staff has been formed as a part of O-I operations.

Robert H. Little, vice president of Owens-Illinois and formerly director of administration for International Operations, has been named to head the International Staff, which will expedite development of international business and help define foreign investment policies.

In addition to the change in operating structure, the appointment of three corporate staff executives as senior vice presidents of the company was announced by William F. Spengler, vice chairman and chief administrative officer. They are Jerome A. Bohland, O-I senior vice president-finance; Richard L. Berry, O-I senior vice president-administration; James A. Sprunk, O-I senior vice president-general counsel and secretary.

Lanigan was elected president and chief operating officer of Owens-Illinois on April 21 this year. He formerly was president and chief operating officer of International Operations. On that same date, Spengler, formerly president and chief operating officer, Domestic Operations, was elected vice chairman and chief administrative officer. Dodd has been CEO of Owens-Illinois since 1972 and chairman of the board since 1976.

Caffeine free

(Continued from page 1)

of sugar in 'sugar free' colas. We simply asked that FDA apply the same rule since the standard testing procedures would not detect the caffeine levels," Murrah stressed.

But FDA contends that the sugar and caffeine situations are not identical, and denied Royal Crown's labeling request. In a letter to the company, Taylor Quinn, Bureau of Foods' associate director for compliance, argued that with "sugar free" products, consumers expect the products to be "low in calories or significantly reduced in calories."

But calling a product "caffeine free"—even when it contains very small amounts — "is unacceptable and is not in the best interest of consumers," Quinn wrote. He did say, however, that FDA would not object if Royal Crown used such labeling on a product containing no caffeine, or chose to state on its decaffeinated colas that it contained less than one part per billion of caffeine or show a percentage of caffeine content.

Murrah said that while the cola will continue to be labeled as decaffeinated, he was uncertain at presstime whether Royal Crown would follow FDA's other labeling suggestions.

counted for more than half the total industry outlays for soft drink advertising in 1981.

Coca-Cola raised its ad outlays in the period by $2.4 million. Coke was the only major producer with an increase. In cents per case, Coca-Cola was almost exactly even in the two years. The company spent more on Coke, Sprite and Tab; it greatly reduced funding for Fresca.

PepsiCo total expenditures for soft drinks went down significantly, by $15.5 million. However, the company increased sales '80 to '81 by 5.6%, the largest increase of the major producers.

Coke and Pepsi market-by-market strategies are discernible by examining the revised LNA data. For example, PepsiCo spent $16 million less in '81 on Pepsi Cola. That money came out of network television: $20.5 million in '80; $4.4 million last year.

The company spent about the same ($18.5 million) each year for spot TV ads. But, following a previously-announced marketing pattern, PepsiCo put more emphasis on "customizing" its Pepsi Challenge ads as "awareness levels" of the program reached more regions of the country.

PepsiCo also avoided magazine ads entirely in both years to promote the flagship brand. Coca-Cola spent around $200,000 in both years promoting its flagship brand in magazines.

Coke increased its spot advertising on TV about $4 million in '81 to the tune of $20.4 million. Coke also took about a million dollars off its network TV budget for 1981.

While PepsiCo raised its outdoor budget for Pepsi by about $200,000, '80 to '81, Coca-Cola maintained its $2.4 million outdoor budget during both years.

7UP reduced

Seven-Up reduced ad expenditures $2.9 million, '80 to '81. The company also experienced a 2.8% decline in soft drink sales over the period.

With the new campaign positioning 7-UP as a decaffeinated cola, and with the introduction of Like decaffeinated cola, the company is expected to show a much greater level of advertising and promotion spending for 1982. At this writing, Like is being advertised in eight test markets.

The 7-UP brand budget for network TV dropped about $3 million, '80 to '81. The company also dropped a million dollars off its flagship brand budget for spot TV. The 7-UP brand outlay for outdoor ads was boosted from $446,000 in '80 to $1.9 million in '81.

The grand total of soft drink advertising outlays by the Dr Pepper Co. was virtually unchanged at $25.9 million in '80 and $25.3 million in '81. Funding for Canada Dry beverages went up $2.2 million, to $10.1 million in 1981.

Dr P off $1.3m

In 1980, Dr Pepper brand was allocated $5.3 million for spot TV ads; last year that figure was down to $2.2 million. Total expenditures for Dr Pepper brand in the six media were off $1.3 million.

At Dr Pepper Co., advertising money is lumped under a "marketing expenses for promotion/advertising" entry in the corporate budget. A source at the company said that entry increased $8 million, '81 over '80. The total co-op budget, not represented in LNA data, according to this source, rose 50% in the period. Co-op outlays is a system of matching funds from the franchiser to the bottlers utilizing a predetermined formula based on gallons sold.

Royal Crown Cola Co. dropped its ad spending '80 to '81 by $1.8 million, to a total of $8.2 million. Outlays for Royal Crown Cola brand were cut by more than half, from $6.5 million to $3.0 million. The company apparently shifted money into advertising for Diet-Rite Cola, which accounted for $3.4 million in '80 and $5.1 million in '81.

A source at the company said that BI's totals for Royal Crown Co. were low, perhaps by almost $4 million in 1981. He said that Royal Crown increased ad expenditures in the two-year period from $11 million to about $12 million. Royal Crown undoubtedly did increase outlays in the fourth quarter of '81, when it unveiled RC 100.

All of the so-called "second-tier" companies spent more ad dollars in '81 over '80. Schweppes' was up $200,000, A&W Root Beer rose $400,000, Squirt was up $100,000 and Faygo increased $1.5 million. Faygo spent 6.75 cents per case last year, compared with 0.90 cents the year before.

Also, all of these companies experienced significantly better sales over the two-year period. Faygo, for instance, raised unit volume sales 14%; Squirt was up 19%. Philip Feigenson, v.p. at Faygo, attributed his sales performance to a combination of effective promotion, a higher advertising budget and an enlargement of the distribution territory.

Soft drink ad expenditures, 1980-'81

	Unit Volume Basis			Advertising Expenditures			
	Percentage Total Market		Unit Vol. Change	1980		1981	
	1980	1981	1980/81	$ Mil.	Pct.	$ Mil.	Pct.
Coca-Cola							
Coca-Cola	24.3%	24.2%	2.7%	$ 35.8	15.0%	$ 38.3	17.2%
Sprite	2.9	2.9	4.1	10.7	4.5	11.5	5.2
Tab	3.2	3.6	14.9	12.6	5.3	15.2	6.8
Fanta	1.7	1.5	(10.2)	—	—	—	—
Mr. Pibb	0.7	0.6	(12.8)	1.2	0.5	0.7	0.3
Mello Yello	0.8	0.9	6.0	3.4	1.4	2.8	1.3
Fresca	0.4	0.4	6.0	7.3	3.1	3.7	1.7
Others	0.4	0.4	4.0	0.1	—	1.3	0.6
Total	**34.4%**	**34.5%**	**3.0%**	**$ 71.1**	**29.8%**	**$ 73.5**	**33.1%**
PepsiCo							
Pepsi-Cola	17.9%	18.3%	4.5%	$ 39.7	16.7%	$ 23.7	10.6%
Diet Pepsi	2.6	2.9	12.3	11.6	4.9	12.1	5.4
Mountain Dew	2.9	3.0	5.9	10.2	4.3	10.9	4.9
Pepsi Light	0.4	0.5	20.8	5.2	2.2	5.0	2.2
Teem	0.3	0.2	(6.7)	0.1	—	0.1	—
Aspen	—	—	(5.9)	0.5	0.2	—	—
Others	0.3	0.2	—	—	—	—	—
Total	**24.4%**	**25.1%**	**5.6%**	**$ 67.3**	**28.3%**	**$ 51.8**	**23.1%**
Seven-Up							
Seven-Up	5.4%	5.0%	(5.0)%	$ 25.5	10.7%	$ 23.4	10.5%
Sugar-Free Seven-Up	1.1	1.2	9.4	7.9	3.3	7.1	3.2
Howdy Flavors	—	—	—	—	—	—	—
Dixie Cola	0.2	0.1	(11.1)	—	—	—	—
Quirst	—	—	—	—	—	—	—
Total	**6.7%**	**6.3%**	**(2.8)%**	**$ 33.4**	**14.0%**	**$ 30.5**	**13.7%**
Dr Pepper							
Dr Pepper	5.5%	5.4%	0.9%	$ 11.0	4.6%	$ 9.7	4.4%
Sugar-Free Dr Pepper	1.2	1.3	15.1	2.9	1.2	3.1	1.4
Others	—	—	—	0.2	0.1	—	—
Total	**6.7%**	**6.7%**	**3.4%**	**$ 14.1**	**5.9%**	**$ 12.8**	**5.8%**
Canada Dry							
Canada Dry Beverages	2.0%	2.2%	8.8%	$ 7.9	3.3%	$ 10.1	4.5%
Barrelhead	0.3	0.2	(6.5)	1.3	0.5	0.8	0.4
Others	0.5	0.4	(19.4)	—	—	—	—
Total	**2.8%**	**2.8%**	**2.1%**	**$ 9.2**	**3.8%**	**$ 10.9**	**4.9%**
Welch's	**0.5**	**0.5**	**5.3**	**2.6**	**1.1**	**1.6**	**0.7**
Others	**1.3**	**1.0**	**(19.3)**	**—**	**—**	**—**	**—**
Grand Total	**11.3%**	**11.0%**	**1.0%**	**$ 25.9**	**10.8%**	**$ 25.3**	**11.4%**
Royal Crown							
Royal Crown	2.9%	2.8%	1.5%	$ 6.5	2.7%	$ 3.0	1.3%
Diet-Rite Cola	0.6	0.6	—	3.4	1.4	5.1	2.3
Nehi and Others	0.8	0.7	(14.0)	0.1	—	0.1	—
Total	**4.3%**	**4.1%**	**(1.8)%**	**$ 10.0**	**4.1%**	**$ 8.2**	**3.3%**
Crush International							
Hires, Crush, etc.	3.2%	3.2%	3.9%	$ 0.9	0.4%	—	—%
Sun Drop	0.4	0.4	1.9	—	—	—	—
Total	**3.6%**	**3.6%**	**3.7%**	**$ 0.9**	**0.4%**	**—**	**—**
Dad's Root Beer							
Dad's Root Beer	0.6%	0.6%	(0.3)%	$ 0.6	0.2%	$ 0.5	0.2%
Diet Dad's	0.1	0.1	1.5	—	—	—	—
Bubble Up	0.3	0.3	18.6	0.4	0.2	0.2	0.1
Total	**1.0%**	**1.0%**	**5.1%**	**$ 1.0**	**0.4%**	**$ 0.7**	**0.3%**
Schweppes	**1.1%**	**1.2%**	**11.1%**	**$ 4.8**	**2.0%**	**$ 5.0**	**2.2%**
A&W Root Beer	**1.0**	**1.0**	**5.2**	**4.1**	**1.7**	**4.5**	**2.0**
Squirt	**0.9**	**1.1**	**19.0**	**0.4**	**0.2**	**0.5**	**0.2**
Faygo	**0.4**	**0.4**	**14.0**	**0.2**	**0.1**	**1.7**	**0.8**
All Others	**10.9**	**10.7**	**—**	**19.3**	**8.1**	**21.2**	**9.5**
Total	**100.0%**	**100.0%**	**2.7%**	**$238.4**	**100.0%**	**$222.9**	**100.0%**

Sources: Leading National Advertisers Inc., TV Bureau of Advertising from Broadcast Advertisers Reports and Lehman Brothers Kuhn Loeb Research.

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AN HBJ PUBLICATION

BI Week

• Pabst's newest entry into the light beer market, Jacob Best Premium Light, currently in 15 test markets. More regional markets to be added in 90 days, national rollout expected by fourth quarter '82. Pabst positioning brand firmly against Miller Lite, currently holding 60% of light beer market share. Ad campaign includes 10-second teaser spots before brand introduction into marketplace, followed by, 30-second spots featuring Jacob Best, Pabst founder, in "humorous" situa-

(Continued on page 27)

Caffeine may get FDA 'prior sanction' status

WASHINGTON, DC — At least from a regulatory standpoint, the caffeine debate may abate since the Food and Drug Administration is reevaluating its stance on the ingredient, and is leaning towards giving caffeine prior sanction status.

Before the 1958 Food Additives Amendment Act, substances were presumed safe until proven otherwise, and were considered to have "prior sanction" status. Since 1958, though, additives have been subjected to a lengthy review process before they could be approved and marketed.

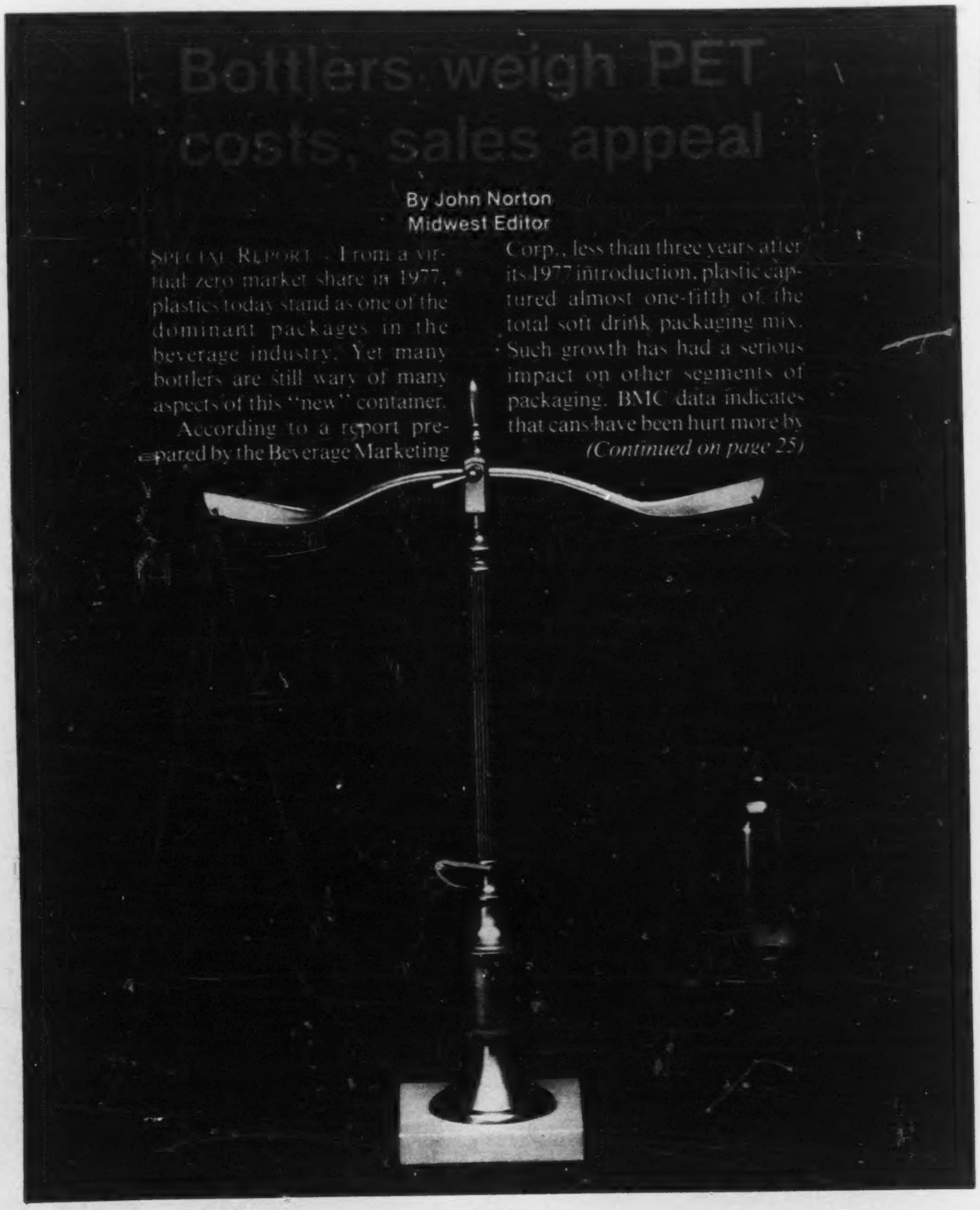
Many of today's Generally Recognized As Safe (GRAS) substances also happen to have prior sanction status — something some FDA attorneys feel should also apply to caffeine. Until recently, however, they were unsuccessful in convincing the agency of that point. That could now be changing.

In October 1980, FDA pro-

(Continued on page 26)

BI Package of the Week

Sweet'n Low soft drinks debut in Twin Cities. P.9.



Bottlers weigh PET costs, sales appeal

By John Norton
Midwest Editor

SPECIAL REPORT — From a virtual zero market share in 1977, plastics today stand as one of the dominant packages in the beverage industry. Yet many bottlers are still wary of many aspects of this "new" container.

According to a report prepared by the Beverage Marketing Corp., less than three years after its 1977 introduction, plastic captured almost one-fifth of the total soft drink packaging mix. Such growth has had a serious impact on other segments of packaging. BMC data indicates that cans have been hurt more by

(Continued on page 25)

New York bottle bill could bolster a national effort

NEW YORK, NY—New York State's recently-approved forced deposit law goes into effect July, 1983, so it's too early to predict, quantitatively, all the potential repercussions. However, the law will be costly to consumers and the industry. Also, there's a strong possibility that New York's move will help persuade many other states to at least seriously reconsider the issue.

The Northeast is especially vulnerable. This region has now emerged as a bastion of the bottle bill. Of the nine states with forced deposit laws, six are in the Northeast. A Massachusetts bottle bill also takes effect in 1983, but this November voters will have a chance to repeal it.

Sidney Mudd, chairman of Joyce Beverages, New Rochelle, NY, who led the fight against forced deposits in his state, says New York's bottle bill "does not strengthen our position. It will have an effect on other states."

Of course, Mudd and his allies haven't given up. New York's bottle bill will be subjected to intense review as to its constitutionality. Perhaps momentum can be built for a repeal measure, as in Massachusetts.

In the meantime, John Downs, manager of state and local affairs at NSDA says, "We're not shocked, but we are anxious over the New York situation. The consumer is the one that will be hurt by this measure."

(Continued on page 4)

Govt. warns of cancer threat to heavy drinkers

WASHINGTON, DC — For a variety of health and safety reasons, consumers who drink have long been warned to do so in modernization. Now, a quasi-government group has suggested another reason to imbibe with caution — cancer.

In "Diet, Nutrition and Cancer," the National Academy of Science's National Research Council (NRC) not only calls for alcohol use "in

(Continued on page 14)

ATF to remain intact for now

WASHINGTON, DC—After months of speculation and fear about its future, the Bureau of Alcohol, Tobacco and Firearms will now remain as is — at least until the end of the fiscal year.

While there had been talk of cutting back its funds, staff and alcohol regulatory responsibilities, the beleagured bureau will remain intact with $23.8m million to operate with until September 30. Of this amount, $15 million is specifically earmarked for enforcement of the Federal Alcohol Administration Act.

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A HARCOURT BRACE JOVANOVICH PUBLICATION

NY deposit law: What's the impact?

New York state's recently approved deposit law has raised a number of questions as to how it will affect consumers and the industry. Will the consumer be hurt by this measure? Will the New York law have impact on the deposit legislation pending elsewhere? For a news analysis of the recent legislation, see story on **page 1.**

PET holds steady in packaging

Plastics stand as the dominant package in the beverage industry, according to a recent Beverage Marketing Corp. report. While plastics continue to capture almost one-fifth of the total soft drink packaging mix, causing serious decline in the market share for cans and returnables, bottlers are still wary of this "new" container. Find out why on **page 1.**

New SD report available from BMC

Never before published gallonage figures and container mix by region are now available from Beverage Marketing Corp. National and regional statistics on bulk vs. packaged trends and other valuable data is revealed in this report. See **page 4.**

Aspartame drink mixes hit selected markets

Country Time Lemonade and Crystal Mix powdered drink mixes are among the first six products bearing the NutraSweet trademark name for Aspartame to hit selected markets. Makers of Aspartame, G.C.Searle & Co., believe these products, the end result of 15 years research, will "shake up this market." Find out more on **page 7.**

Sweet'n Low names diet drink line

Sweet'n Low beverages will be hitting store shelves in eight flavors in the St. Paul-Minneapolis area in early August. Rights to use the name have been granted to MBC Beverage Inc. for use on a full line of diet soft drinks. To date, 13 flavors have been formulated. Package of the Week, **page 9.**

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There we rest our case. Except to tell you that our pre-threaded lined closure is backed by the resources of Ethyl Products Company (a subsidiary of Ethyl Corporation) and will be readily available to franchised bottlers who will soon require billions of plastic beverage closures each year.

For details, call your Ethyl representative today at (804) 788-6209. Or write Ethyl Products Company, Molded Products Division, Marketing Manager-Closures, P.O. Box 2448, Richmond, Virginia 23218.

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Beverage Industry
MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY
HBJ A HARCOURT BRACE JOVANOVICH PUBLICATION

Beverage Marketing Corp. releases SD report

MINGO JUNCTION, OH—A new U.S. soft drink report containing hard gallonage figures and container mix by region is now available from Beverage Marketing Corp. here.

The 1981 Soft Drink Market and Packaging Report utilized Beverage Data Bank proprietary information and reputable secondary sources in the compilation of sales, packaging and flavor trends, according to Janet Fanshaw, BMC vice president.

Contained in that report are national and regional statistics on bulk vs. packages trends revealing never-before-published figures that put the region-by-region market shares for bulk much higher than were previously believed (see regional breakdown).

While Beverage Marketing agrees with the generally accepted national figure for bulk share of market, 22.4%, the report credits the Pacific region with the highest fountain beverage sales, constituting 26.5% of the total market. Both the Southwest and West regions have market shares that surpass the national average, 24.8% and 24.6% respectively.

gallonage up

Fed by the fast food boom, this segment of the market has experienced a significant increase in gallonage since 1970. Although share of market gains are only slightly more than four percentage points over this time span, from 18.3% in 1970 to 22.4% in 1980, gallonage more than doubled. In 1970, the industry produced 835 million gallons sold in bulk; by 1980 that figure had reached nearly 1.9 billion gallons. Beverage Marketing predicts that by 1985, 2.36 billion gallons will be sold in fountain outlets, accounting for 23.1% of total sales.

In compiling the report, Bev-

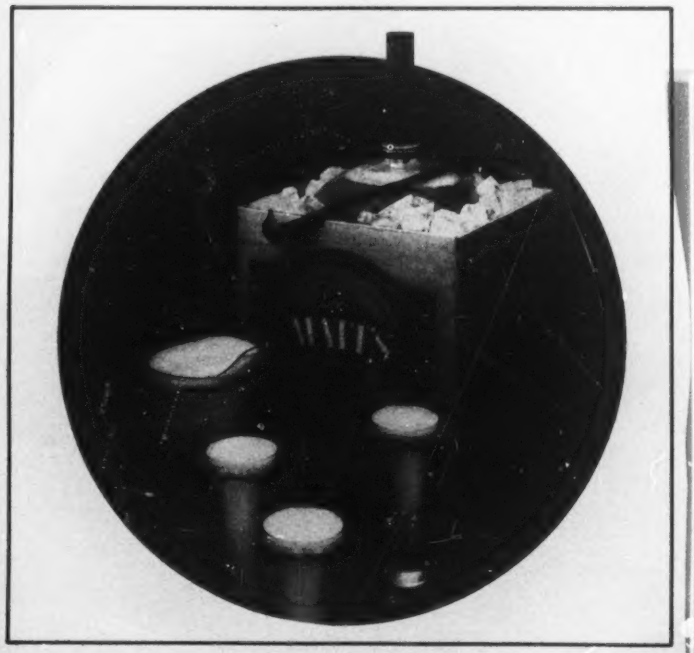
(Continued on page 10)

Matt's opts for PET Beerball drops HDPE

UTICA, NY — F.X. Matt Brewing Co. is phasing out its high-density polyethylene Beerball containers for retail sale of draft beer, and is replacing them with clear polyethylene terapthalate (PET) Beerballs. Matt is the first brewery to make the PET containers in-house.

Since 1977, Matt has sold over 500,000 HDPE Beerballs in its northeastern U.S. market *(See BI, Feb. 19, 1982, pg.4).*

(Continued on page 10)



Forced deposits

(Continued from page 1)

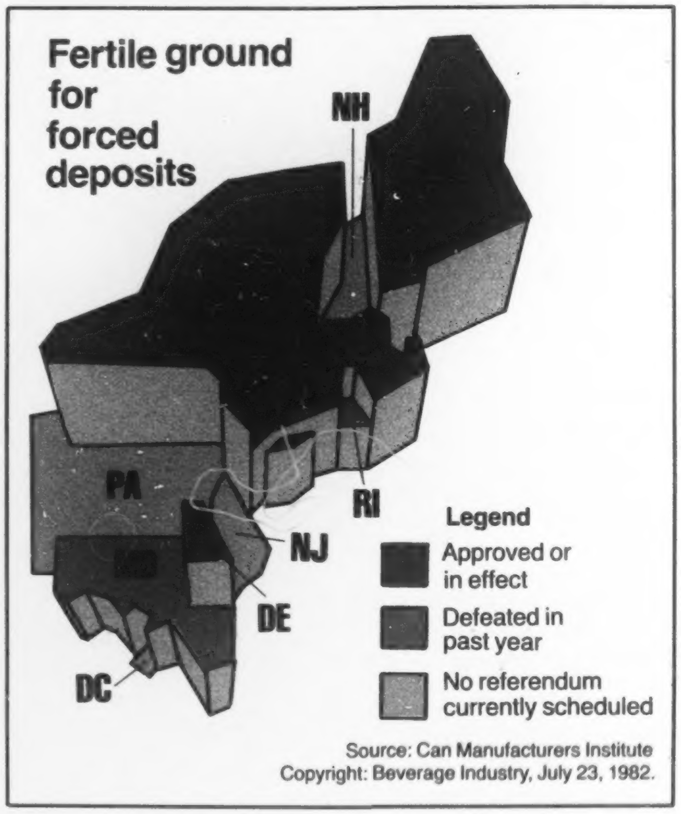
Mudd had stronger words of warning: "There will be a debacle in New York State when the consumers find out what has happened." Mudd had previously contended that the proposed bottle bill would cost consumers $400 million.

Downs says he doesn't think the New York law will have much of an impact on pending forced deposit legislation in the West. Washington, Colorado, California and Arizona will vote on bottle bills this year. States outside the Northeast with bottle bills on the books are Oregon, Michigan and Iowa.

Northeast

Back in the Northeast, Maryland defeated a statewide bottle bill this year; New Jersey has several bottle bills up for consideration, but Governor Kean has said he opposes forced deposits, and besides, New Jersey has in place a Recycling Act, which encourages voluntary community recycling by helping pay the costs with government grants; two deposit bills came up in the Pennsylvania legislature this year, one of which was withdrawn by the sponsor, with no other action taken; six deposit bills were introduced in Rhode Island and

(Continued on page 24)


Fertile ground for forced deposits

Source: Can Manufacturers Institute
Copyright: Beverage Industry, July 23, 1982.

Total wine shipments reach 504.7 mil. gal.

NEW YORK, NY — Last year, table wines accounted for 77.1% of total U.S. wine sales, according to Impact Databank statistics. Total wine shipments reached 504.7 million gallons, 5.6% better than 1980.

According to Impact, wine is the fastest-growing beverage catagory in America; per capita consumption in 1981 was 2.2 gallons per total U.S. population; 3.1 gallons per adult population.

Table wine volume last year grew by 7.6%, compared with '80, to 389.1 million gallons. Sparkling wines were up 12.8% to 34 million gallons, the largest percentage increase of the major wine types. Dessert wine, vermouth and special natural wine all lost market share, Impact says.

Imported wines sold better

(Continued on page 20)

Imports of table wine into U.S. by country of origin

	1980		1981		
Country	% of market	thousand gallons	% of market	thousand gallons	Percent change 1980-81
Italy	59.6%	54,259.2	59.4%	59,859.9	10.3%
France	12.5	11,380.6	14.9	15,053.6	32.3
Germany	12.8	11,659.0	12.9	13,034.0	11.8
Portugal	6.2	5,683.4	5.3	5,366.4	−5.6
Spain	5.3	4,804.5	4.0	3,979.8	−17.1
Greece	0.6	572.9	0.6	570.7	−0.4
Yugoslavia	0.3	312.4	0.4	349.6	11.9
Hungary	0.3	233.3	0.3	305.6	31.0
Chile	0.2	272.2	0.3	272.2	22.4
Argentina	0.2	177.1	0.2	192.6	8.7
Other	2.0	1,811.6	1.8	1,844.1	1.0
Total	100.0%	91,116.5	100.0%	100,828.5	10.7%

Source: IMPACT DATABANK

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Regional breakdown

Northeast: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont.

South: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennesse, Virginia.

East Central: Illinois, Indiana, Kentucky, Michigan, Ohio, West Virginia, Wisconsin.

West: Colorado, Idaho, Montana, Nevada, Wyoming.

Southwest: Arizona, New Mexico, Oklahoma, Texas.

West Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

Pacific: Alaska, California, Hawaii, Oregon, Washington.

SD report

(Continued from page 4)

erage Marketing contacted the 1,653 U.S. filling operations, as well as key industry members to verify trends, according to Fanshaw.

production gallons

"The figures in this report are actual indicators of the true soft drink marketplace," Fanshaw told **Beverage Industry.** "In it we tracked production gallonage—versus consumption gallonage using sales figures from stores, which is the way many other reports gather their data."

In addition to gallonage, the report also tracks U.S. and regional container mix by package type. Revealed here is the astounding impact of plastics on the soft drink market.

In under three years, plastics captured almost one-fifth of the total mix. The 2-L container dominated through 1980, and with the successful introduction of the .5-L in 1981, the share of market for this material can be expected to increase.

This has caused shifts in container market share in virtually all regions, although it has had different influences in different regions.

For example, in the South plastic has captured 16.6% of the market, affecting cans only slightly, while one-way glass is actually up. Returnables were most affected with share of market dropping almost 10 percentage points since PET was introduced.

In the West Central area, cans have lost 15.3 percentage points in the last three years; one-way glass has more than doubled its market share.

Other sections contained in the 1981 Soft Drink Market and Packaging Report are: National and regional sales trends; Low calorie vs. regular softr drink regional and national trends; Trends in U.S. flavor sales; National and regional sales trends by types of outlets; Consumption of soft drinks by major

(Continued from page 13)

Bulk vs. packaged trends, 1978-'80

South

	Bulk		Packaged		Total
	Gallonage (000)	% of total	Gallonage (000)	% of total	Pkg/bulk (000)
1978	454,300.7	22.5	1,560,369.8	77.5	2,014,670
1979	469,220.6	22.7	1,597,830.4	77.3	2,067,051
1980	492,762.2	22.9	1,659,037.8	77.1	2,151,800

Northeast

1978	267,289.5	19.2	1,124,843.5	80.8	1,392,133
1979	290,883.4	19.5	1,200,091.6	80.5	1,490,975
1980	290,780.1	18.9	1,252,711.2	81.1	1,544,650

East Central

1978	355,098.0	21.1	1,326,321.0	78.9	1,681,419
1979	380,303.2	21.5	1,388,548.8	78.5	1,768,852
1980	398,043.1	21.6	1,437,256.9	78.4	1,834,300

West Central

1978	136,546.5	20.2	539,426.5	79.8	675,973
1979	142,454.5	20.5	552,445.5	79.5	694,900
1980	153,079.5	21.0	575,870.5	79.0	728,950

Southwest

1978	210,569.5	24.2	659,552.5	75.8	870,122
1979	228,819.4	24.6	701,340.6	75.4	930,160
1980	224,751.2	24.8	742,148.8	75.2	986,900

West

1978	57,851.1	23.4	189,375.9	76.6	247,227
1979	63,837.7	24.2	199,954.3	75.8	263,792
1980	70,343.7	24.6	215,606.3	75.4	285,950

Pacific

1978	217,046.0	25.8	624,094.0	74.2	841,097
1979	232,439.8	25.9	665,011.2	74.1	897,451
1980	242,581.0	26.5	672,819.0	73.5	915,400

Total U.S. projections 1980-1985

	Bulk		Packaged		Total
	Gallons (Billions)	% Total	Gallons (Billions)	% Total	Pkg/bulk Gallons (Billions)
1980	1.90	22.4	6.49	77.6	8.5
1981	1.98	22.5	6.82	77.5	8.8
1982	2.06	22.6	7.04	77.4	9.1
1983	2.16	22.7	7.34	77.3	9.5
1984	2.24	22.9	7.56	77.1	9.8
1985	2.36	23.1	7.84	76.9	10.2

Source: Beverage Marketing Corporation; Beverage Data Bank^{TM}

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Beerball

(Continued from page 4)

In late spring, Matt installed a blowmolding machine to make the PET container. Designed and built by Cincinnati Milacron, the system includes three auxiliary units besides the blowmolder: an air compressor, an air dryer and a water cooling system.

preform heating

The system first heats a preform in a radio frequency oven. The pre-form is a tube about a foot long, from Johnson Enterprises. The hot form is expanded by a burst of air pressure in a Beerball-shaped mold. (The finished container holds 2.25 cases.) The walls of the mold are chilled to 40 degrees F. by the water circulation system, causing the form to solidify.

In the final step, the mold opens, clamshell-style, to release the PET Beerball onto a conveyor. The system can produce one container every 15 seconds, according to Robert Flaherty, Matt's public relations director.

The container cap is metal, installed using a hydraulic crimper, designed at the brewery, Flaherty said. The pump, purchased separately, has been redesigned by Johnson into a shorter version, he added.

"Knowing that the new system would be installed was a major factor in Matt's decision not to raise the price of Beerballs along with the recent Matt's price increase," said brewery president, F.X. Matt, II.

"Producing the ball here is far more efficient," he said. "Our supplier was shipping a lot of air when we were receiving the old Beerball. Now, he will be shipping only the small pre-forms, so we'll save on freight.

"It will give us more precision at the mouth of the ball because the neck and flange around the opening is already in the preform. The new process can't warp or egg-shape at the mouth, so we'll get a better seal when we cap the filled ball."

•For more information on **Johnson Enterprises,** circle no. 533 on reader service card; for **Cincinnati Milacron,** circle no. 534; for **Matt Brewery,** circle no. 535.

SD report

(Continued from page 10)

brands and companies; and Advertising expenditures by major brands and companies. All sections contain data from 1970 through 1980.

To obtain a copy of the complete report, contact Beverage Marketing Corp., 2670 Commercial Ave., Mingo Junction, OH 43938; phone 614/598-4133, or, in New York, 212/688-7640.

Container mix by package type, 1978-'80

	Cans		Returnables		Plastic		One-way-glass		Total packaged
	Gallonage (000)	%*	Gallonage (000)	%*	Gallonage (000)	%*	Gallonage (000)	%*	Gallonage (000)
South									
1978	493,076.7	31.6	658,475.8	42.2	159,157.7	10.2	249,659.1	16.0	1,560,369.3
1979	520,892.7	32.6	573,621.1	35.9	260,446.3	16.3	242,870.2	15.2	1,597,830.4
1980	517,619.8	31.2	560,754.8	33.8	275,400.3	16.6	305,262.9	18.4	1,659,037.8
Northeast									
1978	506,179.6	45.0	114,734.0	10.2	191,223.4	17.0	312,706.5	27.8	1,124,843.5
1979	450,034.3	37.5	122,409.3	10.2	242,418.5	20.2	385,229.4	32.1	1,200,091.6
1980	355,770.0	28.4	220,477.2	17.6	319,441.3	25.5	357,022.7	28.5	1,252,711.2
East Central									
1978	522,570.5	39.4	657,855.2	49.6	83,558.2	6.3	62,337.1	4.7	1,326,321.0
1979	509,597.4	36.7	592,910.3	42.7	162,460.2	11.7	61,096.1	4.4	1,388,548.8
1980	557,655.7	38.8	570,590.9	39.7	247,208.2	17.2	61,802.0	4.3	1,437,256.9
West Central									
1978	314,485.6	58.3	173,155.9	32.1	9,709.7	1.8	42,075.3	7.8	539,426.5
1979	274,565.4	49.7	192,803.5	34.9	38,671.2	7.0	48,615.2	8.8	552,445.5
1980	247,624.3	43.0	203,282.3	35.3	32,824.6	5.7	92,139.3	16.0	575,870.5
Southwest									
1978	315,925.6	47.9	272,395.2	41.3	16,488.8	2.5	54,742.8	8.3	659,552.5
1979	333,838.1	47.6	244,767.9	34.9	77,147.5	11.0	45,587.1	6.5	701,340.6
1980	321,350.4	43.3	216,707.5	29.2	123,938.8	16.7	80,152.1	10.8	742,148.4
West									
1978	146,198.2	77.2	36,360.2	19.2	4,545.0	2.4	2,272.5	1.2	189,375.9
1979	134,169.3	67.1	40,790.7	20.4	9,397.8	4.7	15,596.4	7.8	199,954.3
1980	140,144.1	65.0	50,541.9	23.4	14,464.1	8.1	7,546.2	3.5	215,606.3
Pacific									
1978	287,707.3	46.1	252,134.0	40.4	22,467.7	3.6	61,785.3	9.9	624,094.0
1979	381,716.4	57.4	152,952.6	23.0	62,511.0	9.4	67,831.1	10.2	665,011.2
1980	302,768.6	45.0	220,011.8	32.7	100,922.8	15.0	49,115.8	7.3	672,819.0
Total U.S.									
1978	2,638,504.4	43.8	2,277,065.5	37.8	457,822.7	7.6	650,590.1	10.8	6,023,982.7
1979	2,679,719.5	42.5	2,131,165.2	33.8	920,562.5	14.6	573,775.2	9.1	6,305,222.4
1980	2,438,686.5	37.2	2,012,572.0	30.7	1,173,454.0	17.9	930,896.5	14.2	6,555,609.2

* Percentage of Total Packaged

Note: Regional totals may vary due to rounding

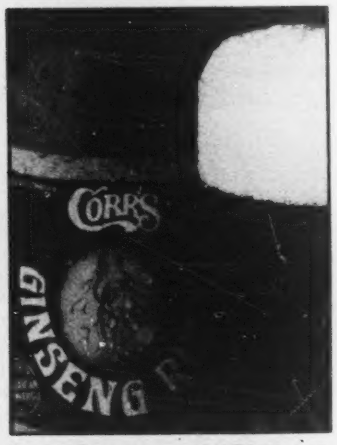
Source: Beverage Marketing Corporation; The Beverage Data Bank™
NSDA Annual Sales Survey

Copyright: Beverage Industry, July 23, 1982

Rush scores sales boost with 'Ginseng'

CHICAGO, IL — With a past dating to the beginning of recorded history, ginseng beverages have maintained a quiet yet assured position in the beverage industry. Today's market, thirsty for soft drinks stamped "all-natural" or "caffeine free," can find satisfaction in a new beverage that is rapidly gaining ground in the industry.

Corr's Rush Beverages, Inc., entered the soft drink business in 1978 with Ginseng Rush and an initial production run of 93 cases. The subsequent popularity of the drink is reflected in the company's sales figures. Robert Corr, president of Rush Beverages, stated, "Our first year we did $200,000 in sales, our second rose to $600,000 and in our third year we jumped to $1.2 million.



Rush Beverages' "Ginseng Rush."

In 1982, our sales will top $2.5 million. By 1985 we'll probably be doing about $8 million in sales." Ginseng Rush is bottled in 10 oz and quart bottles in Chicago, Denver, Los Angeles, San Francisco, and New Bedford, MA. The bottlers add water and fructose to the company's basic formula blended in Chicago.

Corr noted that Ginseng Rush is similar to a formula used at the turn of the century by a beverage firm competing with Coca-Cola. Like other beverages of that time, the drink was promoted for its medicinal values. Back in 1906, the drink, called GinSeng Beverage, was one of Coca-Cola's chief competitors. Unfortunately, the firm suffered a series of events forcing it out of business. The bottling facilitiy for GinSeng, located on top of a steep hill, drew its water from a nearby stream. Vehicles couldn't make it up the hill. Reconstruction to alleviate this problem caused the stream to stop running. Forced to relocate, the firm lost sales to Coca-Cola and eventually went under.

Corr's Ginseng Rush, unplagued by problems of an earlier day, has formulated the beverage to meet today's tastes. The present day beverage is a lighter mixture of filtered water, ginseng extract, fennel, vanilla and approximately 15 other ingredients. With about 3 grams of ginseng extract per bottle, GinSeng Rush contains no artificial flavors or preservatives.

Selling in excess of 400,000 10-oz bottles a month, Corr still realizes the vast expansion his product could undergo in the beverage market. With fewer than 25% of all health food stores carrying Ginseng Rush, Corr sees great potential in restaurants and appropriate drinking establishments. Yet for expansion Corr needs distributorships to move his product to retail and on-premise locations throughout the country.

(Continued on page 21)

Impact

(Continued from page 4)

than U.S.-made vintages on a percentage basis, 1980-'81. The imports were up 11.9% or 114.2 million gallons. Imported wines continue to take a larger share of the domestic wine market; in 1981, imports' share was 22.6%; California's share held steady at 69.1%, or 348.4 million gallons.

Wine from other states lost market share last year; off 5.1% to 42.1 million gallons, according to Impact. California table wine volume last year rose 8.1% to 268.6 million gallons. Imported table wines rose 10.7% to 100.8 million gallons; imports' share of table wines increased to 25.9%.

Table wines from Italy were up 10.3% to 59.9 million gallons; Italy exports almost four times more table wine to the U.S. than does its next competitor, France. Table wines from France were up last year to 15 million gallons, 32.3% increase. Next was Germany, with 13 million gallons in 1981, 11.8% better than '80.

Portugal and Spain lost American market share in table wine last year; down 5.6% and 17.1% repectively; according to Impact.

Other countries with increased U.S. market share in 1981 include Hungary, up 31%, Chile, up 22.4% and Yugoslavia, up 11.9%. Italy had 59.4% of the U.S. table wine market last year; France had 14.9% and Germany captured 12.9%. Impact says that of the top 20 imported table wine brands in the U.S. in 1981, 11 were Italian.

In general, according to Impact, the American wine market experienced solid growth in 1981; Impact expects the market to double by 1990.

Table wine entering distribution channels by origin

	1980		1981		
Origin	% of market	million gallons	% of market	million gallons	Percent change 1980-81
California	68.7%	248.6	69.0%	268.6	8.1%
Other States	6.1	21.9	5.1	19.7	– 10.0
United States	74.8	270.5	74.1	288.3	6.6
Imports	25.2	91.1	25.9	100.8	10.7
Total	100.0%	361.6	100.0%	389.1	7.6%

Source: IMPACT DATABANK

Copyright: Beverage Industry, July 23, 1982

Wine entering distribution channels by type

	1980		1981		
Type	% of market	million gallons	% of market	million gallons	Percent change 1980-81
Table	75.6%	361.6	77.1%	389.1	7.6%
Dessert	9.4	44.9	8.2	41.5	–7.5
Vermouth	1.8	8.7	1.6	8.0	–7.6
Sparkling	6.3	30.1	6.7	34.0	12.8
Special Natural	6.8	32.4	6.3	31.5	–2.8
Other Imported	0.1	0.5	0.1	0.6	16.0
Total	100.0%	478.2	100.0%	504.7	5.6%

Source: IMPACT DATABANK

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Wine entering distribution channels by origin

	1980		1981		
Origin	% of market	million gallons	% of market	million gallons	Percent change 1980-81
California	69.4%	331.7	69.1%	348.4	5.3%
Other States	9.3	44.4	8.3	42.1	– 5.2
United States	78.7	376.1	77.4	390.5	3.8
Imports	21.3	102.1	22.6	114.2	11.9
Total	100.0%	478.2	100.0%	504.7	5.6%

Source: IMPACT DATABANK

Copyright: Beverage Industry, July 23, 1982

A-B expands LA brewery to avoid capacity shortfall

VAN NUYS, CA—In an effort to abate an expected shortage of capacity during the next several years, Anheuser-Busch is moving full ahead in brewery expansion to accommodate future market demands for their beer. The recently completed expansion of A-B's brewery here can be viewed as a massive step in the commitment to meet those expected demands from the market.

High construction costs and the rollout of Budweiser Light, one of the most important developments in the Brewing industry in recent years say many industry observers, may play against A-B in meeting production demands in the coming years. Glenn Jost, assistant plant manager for A-B's Van Nuys brewery, said, "To meet future demands, we are refurbishing and expanding a brewery acquired from Schlitz in Baldwinsville, N.Y. When that operation comes on stream in about February, 1983, capacity will be increased to approximately 7 million barrels. Another brewery due for completion in late 1983 is the expansion of an existing plant in Houston which should produce about 5 million barrels. And projecting down the road, from what I understand from our corporate management, we are looking at another brewery, possibly in Colorado."

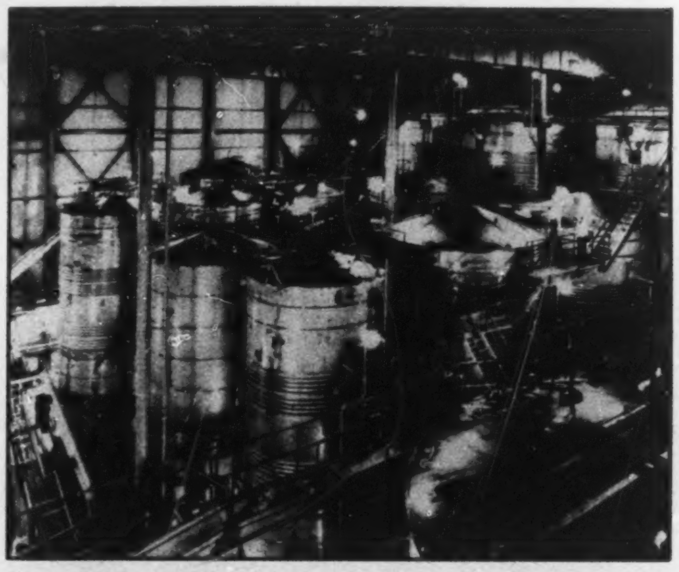
The push to increase annual production capacity by A-B was most impressively demonstrated with the $500 million completion of the Van Nuys operation. The expansion, which took nearly three years, increased the brewery's annual production from 4 to 11 million barrels. Now the second largest in the A-B 11 brewery system, the completion of the expansion makes Los Angeles the nation's brewing capitol with more production capacity than any other city.

four expansions

Since its opening in 1954 the brewery has undergone four expansions to bring it to the massive size of 50.9 acres (2.2 million square feet). This expansion, the most ambitious in A-B's history, also houses 82 of the world's largest chip (lagering) tanks, 4,000 barrels each, measuring 79 feet long and 17 feet in diameter. The expanded brewery also has the two largest and fastest can-filling lines with 130-spout fillers that can fill 1,800 cpm.

Shipments of beer have now increased to 315 trucks per day and 114 railcars per week. Sixty independent wholesalers, along with the company-owned wholesales operations in Riverside and Sylmar, are the core of A-B's beer warehousing and distribution system throughout the state. These production and distribution facilities will enable A-B to sell more beer in California than any other state.

A venture of this magnitude has even had an economic impact on California. More than 2,000 are employed at A-B facilities, throughout the state, approximately 1,300 at the Van Nuys brewery alone. The brewer's employment taxes exceed $3 million with state and local taxes of $12.6 million. This is separate from the millions of dollars in purchases of materials and supplies from California businesses.



New alpha-stage fermentation room contains 20 tanks that hold 6,200 gallons each.

From any aspect, public or private, the Van Nuys expansion was a hurculean task perhaps only A-B could have managed in today's market. Yet even amidst the awe such a brewery can inspire, analysts in the brewing industury still see a chronic shortage of capacity for the next several years.

In a strategic analysis report from Sanford C. Bernstein & Co., Inc., capacity is seen slated to grow at about a 6% annual rate through the mid-1980's. The report stated that the relatively slow rate reflects management's reluctance to accept the financial risks of a higher growth rate. "Given this condition, we expect the company (A-B) to pursue a pricing strategy greared toward margin improvement. Our forecast calls for more than half of Anheuser's earnings growth (estimated at 17%-18% per year) to derive from increases in profit per barrel," the report said.

Future market demands will inspire expansion and innovation from A-B to meet capacity, but given the present cost of construction, another Van Nuys operation may not be a possible or practical answer to the question of shortages.

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O'Keefe lowers costs with wrap around caser

WINNIPEG, MANITOBA—Carling O'Keefe Breweries of Canada, Ltd. recently changes its packaging of 12-pack cases of beer and by company estimates reduced packaging material costs by 8%. Two Wrap 5000 wraparound packaging machines from International Paper use corrugated blanks to wrap 12 341 ml (12 Imperial oz.) bottles per case at more than 36 cases per minute per machine.

The two machines replaced two case formers, a drop packer and a glue sealer that utilized regular slotted containers with top and bottom flaps.

The dropping action of the old machines required that the container's side-to-side dimensions be larger than was necessary. Also the design of the regular slotted container required extra room at the top and bottom to allow for the thickness of the short internal end flaps, resulting in excess space between these end flaps.

Carling O'Keefe was packing its seven brands of beer without partitions in the cartons which caused bottles to shift, resulting in label scuffing and glass breakage during packaging and throughout distribution.

tighter case

The brewery needed a cost-effective packaging system that could form a case tight enough to reduce bottle damage, secure enough to stack efficiently throughout distribution, and strong enough for consumers to carry, open and return with empties without glass breakage.

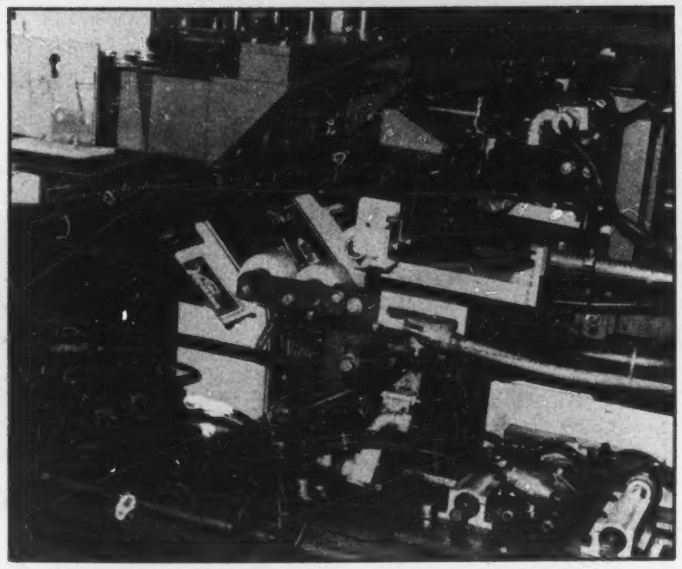
"The new IP machines eliminate the extra space by tightly forming a corrugated blank around the product, providing a more secure case," says Dennis Auld, Carling O'Keefe plant manager.

The wraparound packaging is also superior to an end-loaded container design we considered, because even that package needed extra box space to push in the bottles.

Wrap 5000 accumulates product automatically, forms a corrugated blank around the bottles, and then glue-seals the case. A high capacity, top sheet feeding system assures that a corrugated blank is continuously in position to accept the product. This means that while one case is being formed, another blank is already positioned to accept the next set of 12 bottles, In addition, a positive squaring device provides a squared package with a tight fit for better product protection and easier handling.

According to Auld, the wraparound case stacks better for more stable loads. "The new case has smooth surfaces on both top and bottom panels," he notes. "This results in better case-to-case contact and more secure pallet loads than the regular slotted container, which had the major bottom flaps overlapping in the center about an inch.

The new case design also provides Carling O'Keefe with a package that is stronger and more convenient for consumers. "The regular slotted container would bulge out when a consumer picked it up by the hand hole in the side panel," he says, "which often led to box failure and bottle breakage. The container was too weak to support this kind of handling.



The Wrap 5000 automatically gathers and puts corrugated around the bottles, and glue-seals the case.

"The wraparound case has a corrugated strip crossing the top panel from the hand hold in one side panel to the other side panel, reinforcing the case for the required cross-lateral strength," Auld explains. "In addition, the tab that seals the top panel to the side panel crosses just above the hand hole, so that anyone pick-

(Continued on page 25)

Forced deposits

(Continued from page 4)

were killed.

The full impact of New York's bottle bill on soft drink bottlers and brewers who distribute in the state and in other Northeastern states is, at this point, difficult to gauge. One probable effect, however, will be increased use of refillable containers. According to Beverage Data Bank figures for soft drinks (see chart, right), 1.5 billion refillable units were sold in the Northeast in 1980, over 443 million more than in '79. The majority of these were 16 oz. bottles. Maine and Vermont had forced deposits in effect that year. Returnables' share of market in those states rose by about 70%.

Rough estimates are that 200 million cases of soft drinks (192 oz. per case) were sold in New York State last year. Of that, approximately 35%, or 77 million cases, were in cans. Sources say that 12.6 million barrels of beer were sold in New York State in 1980. The same figure can be used for 1981, since beer sales in the state were "flat" last year. No other sales or packaging mix figures for New York State were available at presstime.

Sidney Mudd and the New York Industry-Labor Committee for Resource Recovery, which he chairs, have said it would cost New York brewers, beer wholesalers and soft drink bottlers $350 million to reinstall a deposit system. Another $137 million would be needed for retailers to convert to a returnable, partially refillable system for the state.

Miller Brewing Co., Fulton, NY, supplies to New York, and to other states with deposit laws in effect. The brewery is reportedly thinking about converting to returnables, at an estimated cost of between $75 and $100 million. A spokesman for the Anheuser-Busch brewery in Newark, NJ, says that facility supplies both one-way and returnable bottles. Currently, the brewery has no plans to convert to all returnables, even though much of its territory lies in southern New York State. The returnable bottles are heavier and costlier; a total conversion may not be cost effective.

Apparently, the decision for soft drink bottlers or brewers to convert to all returnables would depend on their sales volume in deposit states. New York State, with 10% of the U.S. population and correspondingly high beverage sales volume, must now be counted as one of those deposit states.

The NYS bottle bill:

- Takes effect July 1, 1983.
- Puts a 5 cent minimum deposit on glass, plastic or metal bottles or cans containing carbonated soft drinks, mineral water, beer, ale or other malt beverages.
- Requires labels on containers indicating refund value.
- Requires dealers to redeem all containers of the same shape, size, color composition and brand they sell and refund the deposit.
- Requires wholesalers to redeem containers and refund deposits, plus 20% of the value of the deposit.
- Empowers the State Commissioner of Environmental Protection to issue rules and permits to set up independent redemption centers, to redeem containers and refund deposits.
- Provides that dealers and wholesalers can refuse to accept containers that aren't properly labeled, or are broken, corroded, rusted, or contain foreign substances.
- Bans plastic loop carriers and pop-tops on cans.
- Sets up, in 1985, a temporary state commmision to review administration and impact of the law, and report to the Governor and legislature by 1987.
- Subjects violators of the act to a civil penalty of no more than $500 for each day the violation continues.

Northeast refillable packaging trends, 1978-80

	1978	1979	1980
6-9 oz.[1]			
Gallonage (000)	11,129.2	12,485.7	5,071.0
Gal. Percent Change Previous Year	-(11.4)	12.6	-(60.5)
Units (000)	189,938.3	213,090.1	86,544.6
10-12 oz.[2]			
Gallonage (000)	14,227.0	18,728.6	21,165.8
Gal. Percent Change Previous Year	18.8	31.7	13.4
Units (000)	165,550.7	217,933.1	246,293.1
16 oz./.5 liter			
Gallonage (000)	67,807.8	71,487.0	104,726.7
Gal. Percent Change Previous Year	11.7	5.5	46.6
Units (000)	542,462.3	571,896.2	837,813.4
24-32 oz./1 liter[3]			
Gallonage (000)	16,407.0	15,913.2	84,001.8
Gal. Percent Change Previous Year	4.9	3.0	428.3
Units (000)	65,627.8	63,652.8	336,007.2
48-64 oz./2 liter[4]			
Gallonage (000)	5,163.0	3,794.7	5,511.9
Gal. Percent Change Previous Year	1.1	(25.5)	44.7
Units (000)	10,326.1	7,589.4	11,023.8
Total Refillable Gallonage	114,734.0	122,409.3	220,477.2

[1]7.5 oz. equiv. [2]11 oz. equiv. [3]32 oz. equiv. [4]64 oz. equiv.

Source: Beverage Marketing Corporation; Beverage Data Bank

Copyright: Beverage Industry, July 23, 1982

Note: Totals may vary due to rounding

PET

(Continued from page 1)

the growth of plastic than any other package. During the time plastic has been in the market, can volume has declined 15%. Returnable gallonage is down drastically, 18.8%, but this container type has steadily lost market. Market share for returnables in 1980 was approximately half what it was in 1970.

Amidst the growth of plastics, many bottlers feel they have not been given the opportunity to understand the capabilities, properties and limitations of PET.

no choice

John F. Lasser, Jr., president of Lasser's Beverages in Chicago, said, "I feel I should have more information on the nature of the package. I'd have to read a couple of books on PET just to gain a basic knowledge. I don't think anything beats glass but it looks as if we have no choice in going into PET in a big way. In doing my own tests with the bottle, particularly the .5-L, I am not happy with the way it holds carbonation, the limited shelf life." Lasser acknowledged the popularity of the package and though he believes "this business was always based on glass" will begin bottling .5-L for a very large concern.

Echoing Lasser's trust in glass, H.O. Edwards, president and general manager of Mid-Continent Bottling in Jackson, TN, stated, "I've been a glass man for 34 years. With glass you have durability and your product is good for 90 to 120 days but we are getting into PET because it's what is selling in the market. Our competition is selling the devil out of PET in his operation. He's running both .5-L and 16 oz. but I feel that's just stealing shelf space with the .5-L. If he didn't have a real good advance sales system, he would have to dump a lot of his product."

Some bottlers are shying away from the .5-L PET bottle completely. Dan Gordon, plant superintendent for Coca-Cola Bottling in Moorhead, MN, stated, "Our director of engineering and technical people feel it's not a good move because of the initial cost for such an operation and the problems with shelf life."

technology

In light of these concerns raised by bottlers, plastic manufacturers are striving to find sound solutions through advancements in technology. Noel Malone, manager of beverage bottle polymer marketing for Eastman Chemical Products, said, "The 2-L is pretty well established and still has some growth left in it but the .5-L is the package on a lot of people's minds. We are very encouraged by what we see concerning the .5-L package. I don't think there is any question that it would be hard to duplicate the success of the 2-L with the .5-L. Maybe those who are disappointed at present with the .5-L were using the 2-L as their criterion."

Malone pointed out that the shrinking of the bottle down to the .5-L size also shrinks many of the advantages of plastic. "We as raw material producers don't see how the .5-L could be anymore successful considering price, properties and competitive activities," said Malone.

Answering the problem of shelf life, Malone sees polyvinyl dichloride (PVDC) coatings definitely improving barrier quality. But, he questions the necessity of a coating. Malone explained, "If the price of a plastic bottle is such that it becomes a viable package, the whole barrier question will go away—this is on a lot of people's minds.

"Let's suppose in a given market the plastic bottle is 10% higher in cost than the Plasti-Shield. It's reasonable that the plastic bottle salesman is going to hear 'we are going to need a 16-week shelf life on your bottle.' But let's suppose down the road glass becomes more expensive, leaving plastic to become equal to or 5% less in price. We think the emphasis on the barrier coating will diminish as the cost attraction increases."

Sewell Plastics has broken free from the production of PET for just the soft drink industry (though still making strides in that arena, most recently with their saran-coated .5-L PET). Sewell has plunged into the once-glass fortresses of the beer, wine and liquor industries.

A Sewell spokesman stated, "We have been working on PVDC coatings for two years now, and with that coating, in concert with PET, a package can be developed for oxygen-sensitive products such as beer and wine. Such a package will enable the introduction of beer in PET to be on the market in this country by the end of this year or the first quarter of next year. The first packages out will be in larger sizes. We feel consumers will view a 2-L or 72 oz. beer bottle in PET the same way they do any 2-L beverage bottle."

With respect to cost, Sewell agrees with Malone of Eastman in viewing the cost of plastics coming down. "We are able to pass cost savings on to our bottlers because of improved machine and processing efficiencies. The lightweighting of the containers has also brought costs down. A Sewell 2-L PET a year ago was 67 grams but today weighs in at only 58 grams.

Hesitant bottlers may feel impressed with the advances made in PET technology but a little uneasy about putting the product in their market. Perhaps the words of Noel Malone can offer some comfort and assurance: "Those who find themselves discouraged are using the phenomenal success of the 2-L as their criterion."

Total U.S. container mix by package type

	Cans		Returnables		Plastic		One-way-glass		Total packaged
	Gallonage (000)	%*	Gallonage (000)	%*	Gallonage (000)	%*	Gallonage (000)	%*	Gallonage (000)
1975	1,459,511.0	32.0	2,143,658.2	47.0	—	—	957,804.7	21.0	4,560,974.0
1976	1,779,669.4	34.5	2,269,723.3	44.0	—	—	1,109,069.3	21.5	5,158,462.2
1977	2,153,866.9	38.2	2,272,273.2	40.3	—		1,212,254.9	21.5	5,638,395.2
1978	2,638,504.4	43.8	2,277,065.5	37.8	457,822.7	7.6	650,590.1	10.8	6,023,982.7
1979	2,679,719.5	42.5	2,131,165.2	33.8	920,562.5	14.6	573,775.2	9.1	6,305,222.4
1980	2,438,686.5	37.2	2,012,572.0	30.7	1,173,454.0	17.9	930,896.5	14.2	6,555,609.2

*Percentage of Total Packaged

Note: Regional totals may vary due to rounding

Source: Beverage Marketing Corporation; The Beverage Data Bank™
NSDA Annual Sales Survey

Copyright: Beverage Industry, July 23, 1982

Total U.S. package mix projections

	Cans		Returnables		One-Ways		Plastic	
	Gallons (Billions)	% Market	Gallons (Billions)	% Market	Gallons (Billions)	% Market	Gallons (Billions)	% Market
1980	2.44	37.2	2.01	30.7	0.93	14.2	1.17	17.9
1981	2.33	34.2	2.11	30.9	1.08	15.8	1.30	19.1
1982	2.43	34.5	2.09	29.7	1.12	15.9	1.40	19.9
1983	2.53	34.5	2.17	29.5	1.16	15.8	1.48	20.2
1984	2.62	34.7	2.19	29.0	1.19	15.8	1.55	20.5
1985	2.74	34.9	2.19	28.0	1.25	15.9	1.66	21.2

Source: Beverage Marketing Corporation, The Beverage Data Bank™

Copyright: Beverage Industry, July 23, 1982

O'Keefe

(Continued from page 24)

ing up the case grabs two layers of corrugated for extra strength."

Auld also noted that two perforated top opening flaps, placed on either side of the corrugated strips, have been added to the top panel for increased consumer convenience. "Each flap provides easy access to six bottles at a time," he says.

In addition to providing Carling O'Keefe with a better package, the Wrap 5000 machines enable the company to cut costs and increase efficiences.

The new package is stronger, and more convenient.

material costs

"We reduced material costs more the 8% because the wraparound blanks use less corrugated board than the regular slotted containers," says Auld. "In addition, we now have the potential to increase case production if necessary because each IP machine can produce 36 cases per minute compared to 28 cpm for each of the previously used case formers with accompanying drop packer and glue sealer.

Auld also says that the corrugated blanks use less warehouse space than the knocked-down containers. "We have 25% more usable warehouse space to store materials," he says "because 2000 blanks can be stored in the same space as 1500 preformed containers."

The brewery currently uses the Wrap 5000 machines to package only 12-pack cases, which represent the bulk of the company's business. Auld adds that the machines could be modified for other packages. "If we ever decide to package 6- or 24 pack cases, the wraparound machines give us that potential," he says.

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MATERIALS HANDLING REVIEW page 10

BI Packages of the Week

Coke expands low-cal market with diet Coke

By Paul Mullins
Editor

NEW YORK—Diet Coke, introduced here recently, will roll-out first in the metropolitan area, then be introduced into seven additional markets shortly.

If all goes as anticipated it will become a national soft drink in 1983 with some key international markets also opening up that year.

By the end of 1983, it could have sales of around 200 million cases, accounting for 3% of total sales. **Beverage Industry's** estimate, assumes that the product will reach at least industry norms in all its markets.

Coke executives are betting that the product can have even more resounding results.

Described as "the most significant beverage marketing activity of the Coca-Cola Co. in the '80's," Brian Dyson,

(Continued on page 16)

BI Week

- **New York Coke expected to be final winner in suitor-filled quest for Associated Coke's Northern franchises: Syracuse and Albany. Key Philadelphia market still being negotiated. Spectrum Group said to be in forefront in bidding for this franchise.**

- **O-I starting production of new mechanical-seal plastic closure (under H-C In-**

(Continued on page 31)

Pepsi free targets decaf regular, diet segments

By Holly Klokis
Managing Editor

PURCHASE, NY—Despite the hullabaloo it raised several months ago over 7UP's controversial no-caffeine ad campaign, Pepsi has apparently decided that the caffeine-free consumer represents a large enough market share to pursue.

Pepsi free and sugar free Pepsi free (99% caffeine free and 100% caffeine free, respectively) have recently hit store shelves in eight test markets across the U.S. The new product introduction, announced in early July, was in development for two years

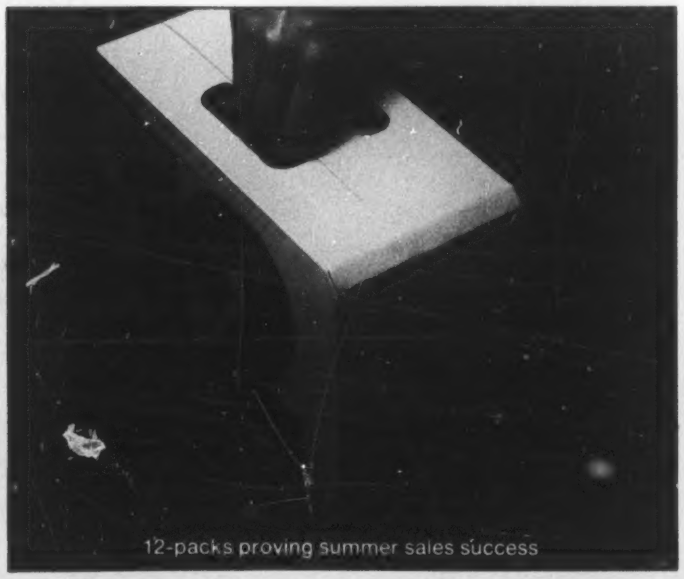
(Continued on page 19)

Congress hears case for beer 'interbrand' law

WASHINGTON, DC — Beer wholesalers recently pled their case for ensuring the legality of exclusive territorial agreements with brewers as called for under the Malt Beverage Interbrand Competition Act.

Sponsor William Proxmire (D-WI) explained that S. 1215 would clarify the 21st amendment by validating state laws that permit or require a three-tier territorial distribution system for malt beverages provided substantial and effective interbrand competition exists within designated geographic areas. The measure "would not change the current prohibitions against price-fixing, horizontal restraints of trade, and group boycotts, if such arrange-

(Continued on page 6)



12-packs proving summer sales success

Hottest package of '82

Proliferating 12-packs revitalizing can sales

SPECIAL REPORT—A package which has been around for years—12 pack cans—is breathing new life into declining can sales and having far reaching implications in today's marketplace.

The development came about as the result of incentive programs from package suppliers, aluminum companies and major franchisors. Just two of the immediate effects:

- Can sales are showing increases of between 10% and 40% in many markets.
- Nationally, can sales may be up as much as 5% for the entire year, reversing a trend that started two years ago.

For the bottlers, the "new package," underwritten in part by incentives from suppliers, is giving them a promotional package right in line with the times and, more im-

(Continued on page 5)

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Contents

Pepsi, Coke brands are introduced

Almost simultaneously, Coca-Cola and PepsiCo surprised the industry by introducing new products. Coke came out with diet Coke, a low-cal drink, the first new product to share the flagship brand name. Diet Coke will be aimed at that 65% or so of the population, especially males, that don't currently drink low-cal soft drinks.

Meanwhile, PepsiCo brought out Pepsi free (99% caffeine-free) and sugar free Pepsi free (100% caffeine-free). Supposedly, the company feels the potential market for no-caffeine soft drinks is big enough to pursue in earnest. Pepsi will test these brands in eight markets, following extensive home-use testing. See stories on **page 1.**

12-pack boosts can, bottler sales

The hottest new package in the beverage business is actually not a new package at all. The 12-pack for cans has been boosting can sales this summer and is having a profound effect on the industry as a whole. Can sales are up an estimated 5% in this country for the year, reversing a two year national trend. If you want to find out more about what this "new package" is doing for bottlers across the country, see **page 1.**

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Wine sales, imports rise in U.S. for '81

Sales for the wine industry in 1981 rose by 5.8% from 1980. Per capita consumption for the year was 2.4 gallons, and once again imported wines grew faster than the domestics. For more important facts and figures about the U.S. wine market, turn to **page 4.**

New packages challenge handling

Innovations in packaging materials and sizes have put the materials handling industry in a catch-up situation. The advent of such packages as 2-L, .5L and aseptic packaging have manufacturers looking for ways to move packages more quicky and efficiently. For more insight, see **page 10.**

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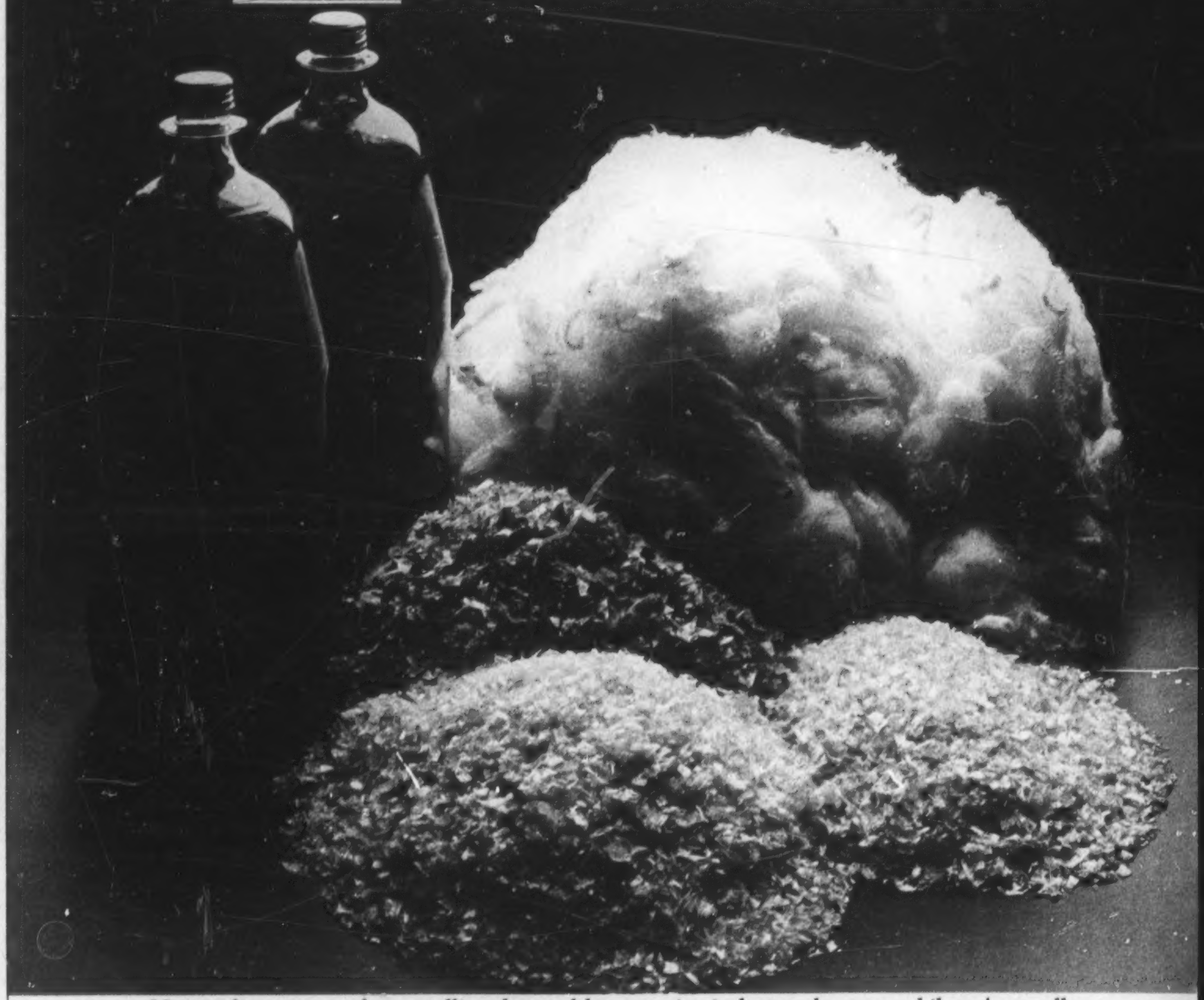

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Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY

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New carrier graphics give Michelob facelift

ST LOUIS, MO—New secondary packaging graphics for Michelob and Michelob Light have been introduced, a spokesman for Anheuser-Busch announced.

Designed by Sidjakove, Berman and Gomez Design Communication, San Francisco, CA. Michelob's new graphics have been applied to the six-pack carrier, master carton, half-case and 12/12 can package.

Food safety to be studied by ILSI

WASHINGTON, DC—The International Life Sciences Institute (ILSI), an industry consortium with soft drink manufacturer support, plans to establish a committee to carry on the scientific efforts of the now defunct Food Safety Council.

The six year old council with government, industry and consumer representatives, had explored methods for determining the safety of our food supply. ILSI hopes to pick up where it left off by forming a technical food safety committee to "look at the appropriate testing procedures and translate data into quantitative and qualitative human risks," said Dr. Howard Roberts, National Soft Drink Association vice president for science and technology.

Dr. Roberts explained that the new committee will examine the types of experiments to be conducted, the number of animals and the species which should be used in certain tests, how to do pathology studies, and then perform human risk assessments.

"The committee will focus on scientific, rather than policy issues," he added, "and will explore generic problem areas instead of specific food ingredients." Committee participants are expected to be selected at a September 1 meeting.

Wine Institute elects officers for 1982-83

SAN FRANCISCO—Officers and directors for 1982-83 were elected here at the 48th annual meeting of the Wine Institute, trade association of California's wine growers.

Newly elected are: M. S. Nury, Fresno, chairman of the board of directors; Richard L. Maher, St. Helena, first vice chairman; Rene Biane, Guasti, second vice chairman; Morris Katz, Saratoga, third vice chairman; Jack Davies, treasurer; and John P. McClelland, secretary.

John A. DeLuca remains as president.

U.S. wine sales up 5.8%

SPECIAL REPORT — U.S. wine industry sales rose 5.8% to just under 542 million gallons last year versus 1980. Total shipments lifted annual per capita consumption to 2.4 gallons in 1981, according to figures compiled by John C. Maxwell, **Beverage Industry** director of research/statistics.

As had been the case during the past few years, said Maxwell, imported wines outpaced the domestics' growth; imports grew 11.8% to 114 million gallons, while domestic wines were up 4.3% to 427.7 million gallons.

Imports currently represent over a fifth of U.S. wine sales. Last year Italian wines again increased their share of U.S. imports, to 58.1%, and their sales grew 12.8% to 66.3 million gallons. French wines were able to rebound in 1981 from the prior year's depressed level. French wine sales rose by over 4 million gallons, '80 to '81, to 17.5 million gallons; sales drop-

(Continued on page 13)

Estimated sales and market shares in the domestic wine market

(mil. gallons)

Rank			1980		1981		1980-81
1980	1981		Amount	% Total	Amount	% Total	Change
1	1	E&J Gallo	119.3	23.3	128.2	23.7	7.4 %
2	2	United Vintners	51.9	10.1	49.8	9.2	(3.9)
3	3	Almaden	31.7	6.2	30.1	5.6	(5.0)
4	4	Wine Spectrum	22.2	4.3	27.1	5.0	22.1
5	5	Franzia Bros.	18.2	3.6	22.9	4.3	26.2
6	6	Paul Masson	16.3	3.2	16.5	3.1	1.5
9	7	Canandaigua	13.6	2.7	15.3	2.8	12.5
8	8	Guild	12.3	2.4	13.2	2.5	7.5
7	9	Monarch	12.4	2.4	12.6	2.3	1.6
10	10	Sebastiani	10.0	2.0	8.5	1.6	(14.5)
12	11	Gibson	4.5	0.9	4.6	0.8	3.7
11	12	C. Mondavi	5.0	1.0	4.5	0.8	(10.0)
11	13	Christian Bros.	5.0	1.0	4.1	0.8	(17.1)
14	14	Beringer	3.3	0.6	4.0	0.7	21.5
11	15	Mogen David	5.0	1.0	3.5	0.6	(30.0)
15	15	Lamont	3.2	0.6	3.5	0.6	9.8
13	16	Bronco	3.4	0.7	3.2	0.6	(5.6)
16	17	Giumarra	2.2	0.4	2.3	0.4	3.3
17	18	Delicato	2.0	0.4	1.9	0.4	(6.3)
18	19	Wente	1.7	0.3	1.6	0.3	(2.3)
19	19	Weibel	1.6	0.3	1.6	0.3	0.6
20	20	East-Side	1.4	0.3	1.3	0.2	(6.9)
20	20	Sonoma	1.4	0.3	1.3	0.2	(3.9)
22	21	California Growers	1.2	0.2	1.2	0.2	(6.4)
24	21	F. Korbel	0.9	0.2	1.2	0.2	26.0
21	22	Robert Mondavi	1.3	0.3	0.9	0.2	(32.2)
23	22	Brookside	1.0	0.2	0.9	0.2	(6.1)
2	23	Mirassou	0.8	0.2	0.8	0.1	(2.6)
22	24	Perelli-Minetti	1.2	0.2	0.7	0.1	(38.5)
26	24	Louis Martini	0.7	0.1	0.7	0.1	(5.4)
27	25	San Martin	0.6	0.1	0.6	0.1	(2.6)
28	26	M&H	0.3	—	0.4	0.1	23.5
29	27	Pacific Land & Viticulture*	0.2	—	0.2	—	(16.7)
		Filice	—	—	—	—	—
		Souverain Cellars	NA	NA	NA	—	—
		Subtotal	353.2	69.0	369.2	68.1	4.5
		Other Domestic	54.3	10.6	58.5	10.8	2.8
		Total Domestic	410.1	80.1	427.7	78.9	4.3
		Imports	102.1	19.9	114.2	21.1	11.9
		Total	512.2	100.0%	541.9	100.0%	5.8 %

NA = Not Available

*Formerly Concannon

Source: Lehman Brothers Kuhn Loeb Research

copyright: John C. Maxwell, Beverage Industry, August 13, 1982

Wine imports: countries of origin

(000 gallons)

	1980		1981		Change
	Amount	Pct.	Amount	Pct.	1981-80
Italy	58,762	57.6%	66,287	58.1%	12.8%
France	13,115	12.8	17,526	15.4	33.6
Germany	11,653	11.4	13,263	11.6	13.8
Spain	7,312	7.2	7,341	6.4	0.4
Portugal	5,578	5.5	5,486	4.8	(1.6)
Subtotal	96,420	94.5%	109,903	96.3%	14.0%
Others	5,656	5.5	4,267	3.7	(24.6)
Total Imports	102,076	100.0%	114,170	100.0%	11.8%

Source: Commerce Department

**Copyright: Beverage Industry,
August 13, 1982**

Wine sales

(Continued from page 4)

ped 2 million gallons '79 to '80.

Maxwell says the French brands were priced high in earlier years, which, he says, caused an erosion of share and a decrease in volume. In the past year or so, however, French wines have been heavily promoted. This, coupled with the strong dollar vis-a-vis the French franc, served to boost U.S. demand for French wine, by 33.6%.

The modest growth in Spanish wines (0.4%) indicates the declining popularity of Yago Sangria, which represents most of the Spanish wine sold in the U.S.

In 1981, white wines continued to dominate the U.S. market, cannibalizing the market shares of reds and roses. White wines' share was up to about 60% from 55% in 1980. On the other hand, reds dropped from 25% in '80 to 22% last year, and roses were down to 18% from 20%.

The reasons for the increase in white wines' popularity remain unchanged, according to Maxwell. White wine is a "versatile and refreshing drink; and the U.S. is a young wine consuming nation and white wines are an easier beginning to wine enjoyment."

The most important new trend in the industry, Maxwell says, is the introduction of light wines. He says that though there is a niche in the industry for light wines, the potential is not as great as with the light beer and diet soda markets. His reasons are: "wines are already perceived as low in calories; and wines are viewed as a classical beverage and light wines may not measure up to that image."

So, Maxwell says he expects light wines to capture between 5% and 10% of the industry over the next few years.

To make light wines, vintners typically pick grapes sooner, when their sugar levels are lower. The Wine Spectrum (Taylor California Cellars) says it has found varieties of grapes that can be picked full-ripe at their flavor peak, yet contain low sugar.

Another process for making light wines, said to be used exclusively by The Wine Spectrum at this time, is called vacuum-evaporation. Grapes are fermented to their regular wine alcohol level (12%) then the wine is heated to 110 degrees as it crosses a flash pan evaporator in a vacuum. The vintner can control the amount of alcohol evaporation, reducing it to say 8%.

Taylor California Cellars Light Chablis is a blend of low sugar grapes and the vacuum-evaporation technique.

On the domestic wine sales front, E&J Gallo retained its no. 1 position , followed by United Vintners, Almaden, Wine Spectrum and Franzia Brothers, in that order, according to Maxwell's figures. Although Gallo was up 7.4%, '80 to '81, with 128 million gallons, United Vintners and Almaden were down 3.9% and 5% respectively.

The largest percentage gains were Franzia Brothers' increase of 26.2% to about 23 million gallons, and F. Korbel's 26%, to 1.2 million gallons. The only change in position within the top 10 sellers was between Canandaigua and Monarch, which changed positions: Canandaigua went from no. 9 to no. 7; Monarch did the reverse.

In 1981, according to Maxwell's data, the export of U.S. wine grew tremendously; more than 40%. Total exports represented slightly more than 1% of domestic output in 1980, and jumped to 2.2% last year. On the basis of these figures, Maxwell suggests that the quality of U.S. wines is recognized abroad.

Fowler/Pluralis... a fresh approach to water purification.

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SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS

AUGUST 27, 1982

Beverage Industry

MA

A (HBJ) PUBLICATION

STATISTICAL REF INDEX
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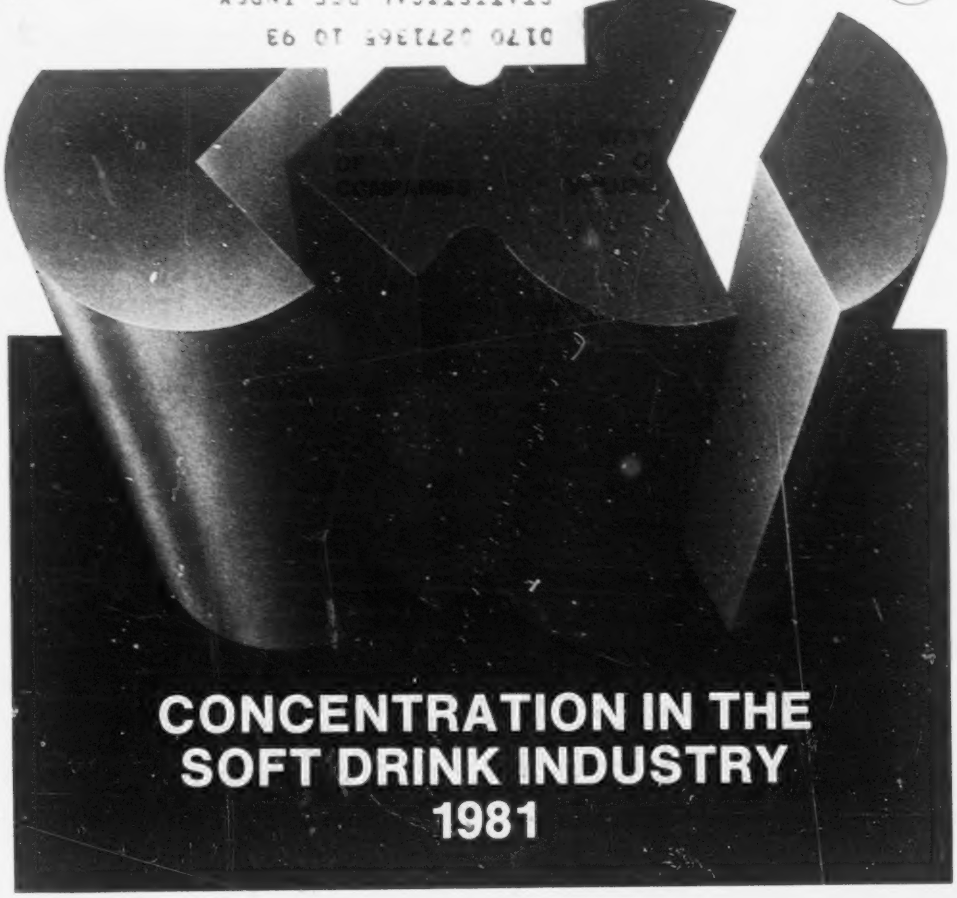

High-speed production to reduce .5-L PET costs

NEW YORK, NY—Though there are still problems to be worked out on the .5-L PET bottle, manufacturers are already gearing up for an expected boom in demand by putting high-speed blow molders on stream.

Shelf-life limitation is the primary concern for soft drink bottlers. To achieve acceptable results, most experts feel increased orientation and/or coatings will be required for the .5-L PET.

These improvements (the PVDC coating, for example, is in the experimental stage) will add to the bottle's cost and will limit its ability to compete with lower-priced glass containers. As a partial solution to this problem, bottle makers plan to greatly increase manufacturing speeds, thereby reducing per unit costs.

Targeted speed is 15,000 bph or more. At least three firms are either testing or have already installed such equipment.

Several years ago, Owens-Illinois gained exclusive U.S.

(Continued on page

Diet labels may require new format

WASHINGTON, DC—Diet soft drink makers may one day use a different nutrition labeling format now that the government plans to study the best means of conveying such information to the public.

The Food and Drug Administration will soon select a company to examine "the optimum level of information

(Continued on page 10)

Small minority of SD firms, 2.7%, account for 42% of total sales

By Paul E. Mullins, Editor

MINGO JUNCTION, OH—Acquisitions and mergers have become a daily part of both the soft drink and brewery industries. On the soft drink side, 33 companies controlled in excess of 42% of total sales last year. These companies—all with volumes in excess of $100 milion per year—represent 2.7% of the total number of companies currently involved in the business.

Their clout in the industry and who they are (*see page 13*) are revealed in a recent study from Beverage Marketing Corp., located here. Created from information stored in the firm's Beverage Data Bank, the study shows that there are some 260 multiple-plant operating firms and that these firms account for a total of 67.5% of total dollar sales.

The top two categories account for the bulk of these sales. In addition to the over $100 million category the next two, $50 million to $100 million and $25 million to $50 million, account for 11.9% and 6.6% of the total, respectively.

According to Michael Bellas, president of Beverage Marketing Corp., these three groups account for well over half, 60.8% to be specific, of total soft drink sales.

Although various sources have reported on the amount

(Continued on page 13)

BI Week

- **Multi-acquisition struggle between Heublein and General Cinema may be over. Heublein has reached agreement in principle to be acquired by R. J. Reynolds. Reynolds will acquire approximately 52% of the firm's common stock at a price of $63 per share. At presstime, General Cinema officials had "no comment" pending its study of the specific acquisition study.**

- **New York Coke's introduction program for diet Coke will include 1 billion consumer ad impressions, 1.5 million discount coupons and 1 billion feature supermarket displays within a 12-month period. Company president, Ed O'Reilly told the group of**

(Continued on page 17)

Soft
Soft
Soft
Soft

BI Package of the Week

Pre-threaded PP closure caps new Plasti-Shield

TOLEDO, OH—Lighter-weight single service Plasti-Shield bottles, designed for use with a new pre-threaded, polypropylene closure, will be introduced this fall by Owens-Illinois, Inc., sole U.S. licensee for the H-C Industries closure.

The new 10 and 16 oz. Plasti-Shield bottles have achieved their weight reduction in a redesign of the bottle neck and finish, a change allowed by the pre-threaded closure which does not require the thickness of the standard 1650 finish for aluminum roll-on closures. Both the 10 and 16 oz. containers are nearly one-sixth inch shorter

(Continued on page 7)

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Contents

21.7% of SD firms produce 67.5% of vol.

In 1981, 42% of all soft drink sales were controlled by 33 companies. Those 33 companies, all of which have volumes of more than $100 million, comprise only 2.7% of all companies in the soft drink business. For more information on sales and volume in the soft drink industry, and what companies control it, see **page 1.**

New foam labels to be intro'd to mkt.

A new concept in foam labeling is being tested by the Lily-Tulip company. "Foam-a-Round" label is being tested by a number of bottle manufacturing companies and should be in commercial application within thirty days. The labels can be applied with regular roll-fed equipment. It will be positioned as an alternative to Plasti-Shield bottles. To read more about Lily-Tulips' labeling innovation, see **page 4.**

Will sugar substitutes alter sweetener market?

Will new low-calorie sweeteners poised to enter the U.S. market have an impact on saccharin? Yes, says John Maxwell, **BI's** research/statistics director. Maxwell predicts that Aspartame and other sugar substitutes will initially impact saccharin. The consumption of sugar and HFCS could also erode if the public accepts them as alternatives. Maxwell also expects some cannibalization as the substitutes start to appear on the domestic market. For a closer look at how alternative sweeteners could affect the market, see **page 4.**

O-I's bulk box to spur recycling

Owens-Illinois is hoping its new bulk-box system will spur soft drink bottlers and beer wholesalers to recycle glass containers. O-I's new system, which is designed to turn deadheading into money, will be used at 19 glass manufacturing plants throughout the country. Bulk cullet containers, made of Ultrastak corrugated material, figure prominently in the system. For more details on how to turn deadheading into dollars, see **page 14.**

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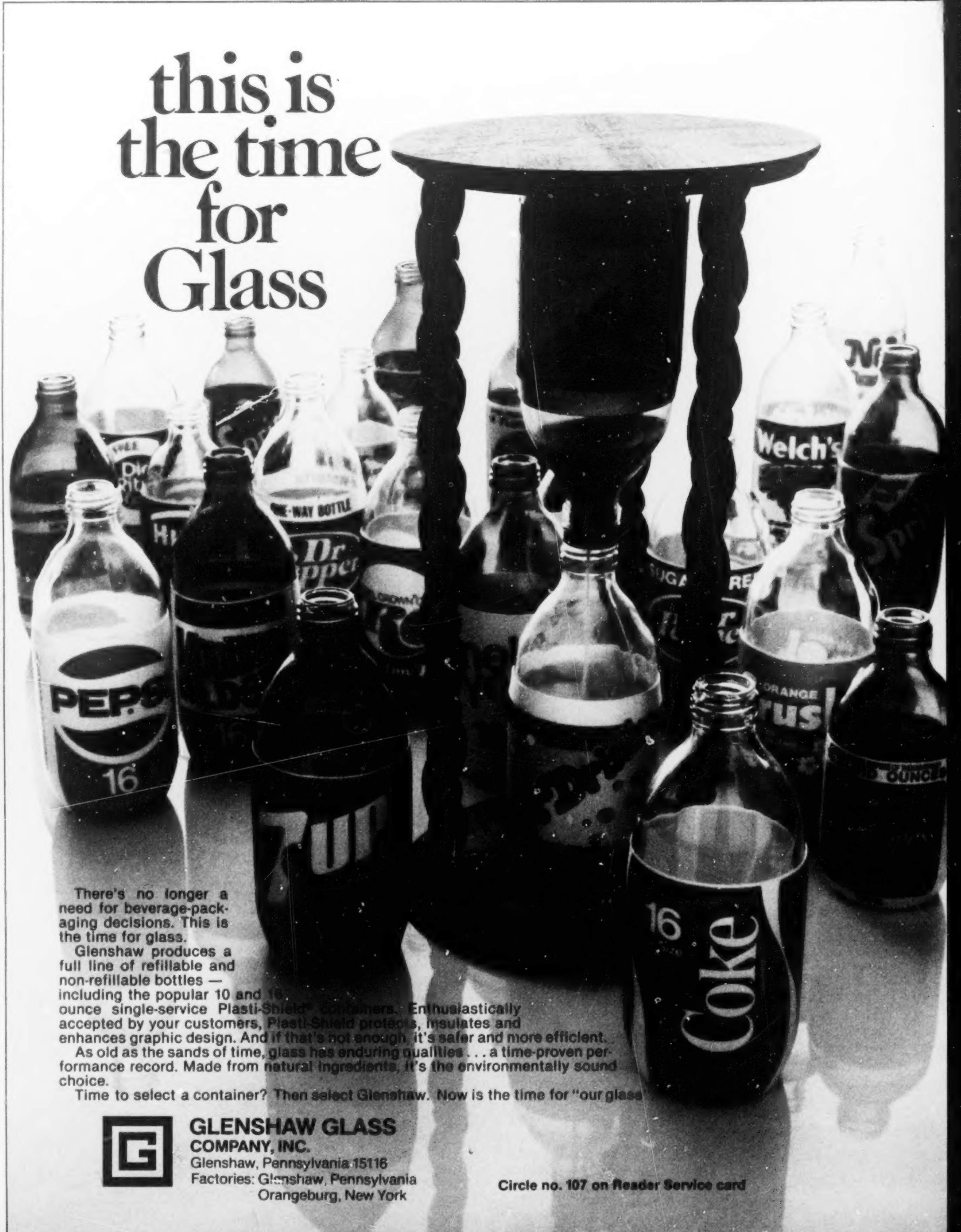

There's no longer a need for beverage-packaging decisions. This is the time for glass.

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SD study

(Continued from page 1)

of business controlled by franchisors through their company-owned plants, explained Bellas, no one has yet identified the other major factors in the soft drink business "... firms like All American Beverages and Coca-Cola Enterprises," he said.

The 260 companies are multiple plant operations. Altogether they have a total of 692 manufacturing (filling) locations—and 827 distribution points.

There are an additional 938 companies—all single manufacturing facility firms—which account for 32.5% of total dollar volume.

"These firms are on the decline," explains Bellas. "As our Beverage Data Bank collects historical information on the industry, we'll be able to project trends for this and the higher-volume groups."

The complete report—excerpted for this special report—also includes the names and address for all the multiple plant operations and each of their manufacturing and distribution centers.

Plants and distribution centers for all of the franchise firms are also detailed in the report.

Average volume per company of the multi-plant operations is $19.2 million each. Average volume for the single-plant operations is $6.8 million.

Copies of the study and additional information is available from Beverage Marketing Corp., 260 Commercial Ave., Mingo Junction, OH 43938; phone 614/598-4133 or in New York, 212/688-7640.

Concentration in the soft drink industry, 1981

Size of firms	Number of companies	Percent of total	Estimated volume	Percent of total
Multiple plant operations				
Over $100 million	33	2.7%	$ 8,300,000	42.3%
$50 million to $100 million	32	2.7	2,350,000	11.9
$25 million to $50 million	41	3.4	1,305,000	6.6
$10 million to $25 million	77	6.4	975,000	5.0
Under $10 million	77	6.4	340,000	1.7
Subtotal	260	21.7%	$13,300,000	67.5%
Single plant operations	938	78.3	6,400,000	32.5
Total	1198†	100.0%	$19,700,000	100.0%

*Volumes are expressed in billions; add ,000.

†This is not a total number of production plants. The 260 multiple plant operations actually operate a total of 692 production facilities. See chart, below.

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August 27, 1982

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1981 Soft drink headquarter company average plant volumes

Category	Soft drink manufacturing plants: Number	Soft drink manufacturing plants: Percent of total	Estimated soft drink dollar volume: Amount*	Estimated soft drink dollar volume: Percent	Average volume per manufacturing plant
Headquarter companies	692	42.5%	$13,300,000	67.5%	$19,200,000
All other companies	938	57.5	6,400,000	32.5	6,800,000
Total	1,630	100.0%	$19,700,000	100.0%	$12,100,000

*Add ,000

[illegible]

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August 27, 1982

Apple Juice debuted in aseptic Paper Bottle

PLYMOUTH, MA—Ocean Spray Cranberries, Inc. recently began marketing its own brand of aseptically-packaged apple juice to consumers throughout much of the Northeast.

Ocean Spray had originally planned to introduce Red Cheek Apple Juice last spring, however an agreement in principle between the two firms was never finalized. "We just couldn't reach an agreement on the strategies to be used for the product, so we went our separate ways," commented Christine Masclee, director, consumer affairs for Ocean Spray.

The package graphics have remained largely the same, the only changes being the absence of the Red Cheek name and the small tap pouring juice from an apple into a glass.

new flavors

The co-op also announced plans to add its Crangrape grape-cranberry drink to the Paper Bottle line, introduced in New York last winter (*see* **BI** *February 19, 1982, page 24*). The line already includes Cranberry Juice Cocktail, Cranapple cranberry-apple drink, Grapefruit Juice, and Pink Grapefruit Juice Cocktail.

Introductory apple juice markets encompass New England, and areas in and around New York City, Philadelphia, Albany, Buffalo, Syracuse, and Rochester.

Within three months, both apple juice and Crangrape are expected to be available in the current Paper Bottle markets, stretching from Virigina to Maine.

Little Lancers in nat'l. rollout

HARTFORD, CT—Lancers Wines has begun nationally marketing its "Little Lancers" 187 ml six-packs of white and rose wines.

Each 187 ml bottle has an easy-open, metal pull top. The bottles are a scaled down version of the famous crock-like bottle that has been identified with Lancers for many years.

"We decided to undertake the national marketing thrust based on the sixpack's successful 11 market test introduction," said Ronald B. Schlossberg, vice president-marketing for the Heublein Spirits Group, which imports and distributes Lancers in the U.S. "Consumer response to 'Little Lancers' in the test markets revealed that this packaging fits perfectly with today's lifestyles and multiple serving occasions," he added.

The "Little Lancers" 187 ml bottle has been marketed singly in selected areas since 1977.

The $100 million plus soft drink firms

All American Bottling Corp.
Coral Gables, FL
Allegheny Beverage Corp.
Baltimore, MD
Associated Coca-Cola Bottling
Daytona Beach, FL
Atlantic Soft Drink Co.
Columbia, SC
Beatrice Foods Co.
Chicago, IL
Beverage Management Inc.
Columbus, OH
Coca-Cola Bottling Co.
Coral Gables, FL
Coca-Cola Bottling Co.
Hackensack, NJ
Coca-Cola Bottling Co.
Niles, IL
Coca-Cola Bottling Co.
San Antonio, TX
Coca-Cola U S A
Atlanta, GA
Consolidated Coca-Cola
Charlotte, NC
Dr Pepper Co.
Dallas, TX
G&J Pepsi-Cola Bottlers
Cincinnati, OH
G C C Beverages Inc.
Boston, MA
Honickman Affiliates
Philadelphia, PA
Hygeia Coca-Cola Bottling
Pensacola, FL
Johnston Coca-Cola Bottling
Cleveland, TN
Joyce Beverages Inc.
New Rochelle, NY
J.T. Lupton Enterprises
Chattanooga, TN
M E I Corp.
Minneapolis, MN
Mid-Atlantic Coca-Cola
Mc Lean, VA
Mid-Continent Bottlers
Des Moines, IA
New Century Beverage Corp.
San Francisco, CA
Pepcom Industries, Inc.
Garden City, NY
Pepsi-Cola Bottling Group
Purchase, NY
Pepsi-Cola General Bottling
Chicago, IL
R K O Bottlers Inc.
Fort Wayne, IN
Royal Crown Cola Co.s
Rolling Meadows, IL
Seven-up USA, Inc.
St. Louis, MO
Shasta Beverage Inc.
Hayward, CA
Westinghouse Co.
Pittsburgh, PA
Wometco Enterprises, Inc.
Miami, FL

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS
AUGUST 27, 1982
Beverage Industry
MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY
A HBJ PUBLICATION

Lily-Tulip foam concept permits roll-fed labeling

TOLEDO, OH—A new foam labeling concept currently being tested by Lily-Tulip would make it possible for bottlers or bottle manufacturers to apply polystyrene foam body labels using conventional roll-fed labelers.

The "Foam-a-Round" label, announced recently by Lily-Tulip (formerly a division of Owens-Illinois), is being tested by a number of bottle manufacturers and is expected to be in commercial application within 30 days.

An official with the company told **Beverage Industry** that the new label will be positioned as an alternative to Plasti-Shield and will be targeted to markets where paper/polyethylene labels are used. The labels can be applied with conventional roll-fed, hot melt, labeling equipment at speeds equal to poly/paper laminates. According to the company official, there have been no problems in applying hot melt adhesive to the foam labels.

Because the foam does not extend below the heel of the bottle, the company reports smoother transport on manufacturing and filling lines.

"In a bottling plant, bottles with paper/polyethylene labels reportedly run 20% faster than Plasti-Shield," the official said. "So far in tests, Foam-a-Round labeled bottles are performing at the same speeds as the paper/poly ones."

First user is Knudsen Dairy which is applying the labels to its self-manufactured HDPE juice bottles. The labels are reportedly being applied on a B&H labeler.

Foam-a-Round called "alternative to Plasti-Shield."

The price of the polystyrene foam labels will be competitive with paper/poly and, said the official, less than Plasti-Shield.

- For more information on **Foam-a-Round** labels, circle no. 501 on reader service card.

New low-cal sweeteners to affect saccharin use

By Robert Kreutzer
Senior Editor

SPECIAL REPORT—New low-calorie sweeteners currently entering the domestic market will probably not affect consumption of high-fructose corn syrup in the near term. However, the new sweeteners will initially impact saccharin consumption. So predicts John C. Maxwell, **BI's** director of research/statistics in his latest update on sugar and HFCS.

If consumers accept new low-calorie sweeteners as good-tasting alternatives to nutritive sweeteners, then sugar and HFCS consumption will begin to erode. But, this shouldn't occur for at least two or three years, says Maxwell.

U.S. sugar consumption continued a decline in absolute tonnage as well as per capita consumption in 1981. On a per capita basis, HFCS has absorbed virtually all of the sugar consumption decline. However, Maxwell expects some cannabilization in the domestic market as aspartame and other sugar substitutes become accepted and available. Aspartame's FDA approval in the U.S. is currently only for dry products.

Also on the horizon are "L-sugars" or "left-handed" sugars. These are identical in taste and chemical composition to their "right-handed" counterparts, which are in current widespread use. L-sugars are not metabolized, and therefore will be neither fattening nor cavity causing.

Since L-sugars are expected to have the same properties

(Continued on page 6)

Shipments up for spirits due to imports

NEW YORK, NY—About 460 million gallons of distilled spirits were shipped domestically in 1981, 0.4% or about a million gallons above 1980, according to Impact Databank.

Imports, with 30% of the market, were up last year to 140 million gallons and accounted for the slight overall rise in shipments. Domestic distilled spirits were off 1.4% to 320 million gallons.

Impact says the real action took place in the specialties category (cordials/liqueurs, brandy and prepared cocktails). Imported liqueurs and Cognacs, two premium spirits types, showed surprising growth, considering a sluggish U.S. economy.

Whiskey shipments were off in 1981 by 0.8% to 205 million gallons, or a 44.5% market share. Traditionally the largest spirits segment, whiskey has been declining for the past ten years.

Whiskey's decline is based on fewer shipments to the domestic market. In 1970, whiskey held 41% of the total distilled spirits market; last year it was down to 22.2%. Domestic whiskeys (bourbon and blends or rye) have declined about 4% per year throughout the 1970s, losing 57 million gallons, according to Impact. Shipments in this segment fell further 1980-'81, 3.7% to 102 million gallons.

Imported whiskeys outpaced domestic for the first time since Repeal, by a million gallons last year. Canadian whiskeys, which have fared

(Continued on page 18)

Distilled spirits entering U.S. trade channels

(millions of gallons — rounded)

Type	1960	1970	1975	1980	1981	Average annual compound growth rate 1960-70	1970-75	1975-80	Percent change 1980-81
Bourbon	69	85	77	66	66	2.1%	-2.0%	-3.0%	0.8%
Blends	74	74	58	40	36	—	-4.8	-7.2	-10.9
Scotch	21	52	56	47	47	9.6	1.6	-3.5	1.2
Canadian	13	34	49	53	55	10.4	7.7	1.7	2.6
Irish	*	*	*	*	1	—	—	—	62.7
Total Whiskey	177	245	240	207	205	3.3	-0.4	-2.9	-10.8
Gin	23	39	44	43	43	5.4	2.4	-0.5	0.1
Vodka	19	50	87	98	98	10.2	11.7	2.4	-0.4
Rum	4	14	18	33	33	13.3	5.2	12.9	-0.6
Tequila	*	1	7	7	8	+	43.1	1.2	11.2
Total White Goods	46	104	155	181	181	8.5	8.3	3.1	0.1
Brandy	6	15	15	19	20	9.6	—	4.8	5.2
Cordials & Liqueurs	NA	NA	NA	42	46	—	—	—	9.9
Cocktails & Mixed Drinks	NA	NA	NA	10	8	—	—	—	-19.9
Total Specialties	16	39	51	71	74	9.3	5.5	6.8	4.3
Total Distilled Spirits[1]	**240**	**388**	**446**	**459**	**460**	**4.9%**	**2.8%**	**0.6%**	**0.4%**

* Less than ½ million gallons.
[1] Addition of columns may not agree because of rounding.
Source: BATF, NABI, and IMPACT DATABANK

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Schmidt's can salutes plant at Cleveland

PHILADELPHIA, PA—Christian Schmidt Brewing Company located here, has introduced a commemorative beer can in a salute to its plant city of Cleveland, OH.

The 12 oz. standard Schmidt's can, made in Cleveland, now devotes its back panel to a reproduction of that city's historic and most famous landmark, The Terminal Tower. A headline reads "Schmidt's Salutes Cleveland."

The special cans are being made for the balance of 1982; they'll be distributed throughout the Cleveland marketing area by seven Schmidt's wholesalers.

The cans tie in with Schmidt's observance of its 10th anniversary at its present location. The company first estabished a plant in Cleveland in 1964. It acquired the previous Carling plant in 1971, completely modernized it and began operations there in 1972.

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Spirits

(Continued from page 4)

well all during the past decade, had the biggest volume increase among all brown spirits last year, up 2.6% to 55 million gallons. Of total imports of Canadian whiskey in 1981, 38% was bottled-in-Canada and 62% was imported in bulk and bottled in the U.S.

Impact figures show the white goods segment was stable in 1981, after a 2.9% decline in 1980. Last year, white goods accounted for 39.4% of the total distilled spirits market, with 181 million gallons shipped.

Impact believes that the rapid growth experienced by white goods in the '70s has come to an end. "The phenomenal success of white table wine in recent years has definitely eroded white goods' share of the cocktail market in America," Impact says.

Among white goods' categories, gin was stable last year at 43 million gallons. Gin was off 4.5% in 1980. Vodka was flat last year. Imported vodkas, led by market leader Stolichnaya, reached 1.8 million gallons shipped in 1981, up 49.4%.

Shipments of rum, which had been steadily up for the past two decades, were stable last year at 33 million gallons, 7.1% of total spirits. Rum seems to have been least affected by the white wine cocktail boom, according to Impact. Bacardi brand, the undisputed leader, was up 1% in 1981.

Tequila growth was strong last year, with an 11.2% increase and a new high of 8 million gallons. Tequila experienced astonishing growth in the early 70s, reaching 7 million gallons by 1975. It has taken tequila six years to add another million gallons in shipments.

Specialties were the most exciting spirits category in 1981, with a 4.3% gain to 74 million gallons shipped, and a 16.1% share of the total market. Cordials and liqueurs, the largest specialty segment, grew 9.9% last year to 46 million gallons, or a tenth of the total distilled spirits market. Imported liqueurs were up even higher, to 13.8 million gallons, or 18.7% above 1980.

Cream liqueurs accounted for most of this success, according to Impact. "The success of creams, many of which use Irish whiskey in their blending mix, accounts more than pure Irish whiskey gains, for the 98.5% increase in imports of distilled spirits from Ireland last year."

Brandies rose 5.2% last year, to 20 million gallons, most of this gain represented by imports.

Overall, says Impact, the 1981 distilled spirits market belonged to the imports, especially the liqueurs and Cognacs. "While it is now accepted," Impact says, "that distilled spirits market growth is likely to be slow in the eighties compared to both beer and the very dynamic wine market, there are also going to be pockets of new opportunity within the market."

Distilled spirits entering distribution channels by type

Type	1960	1970	1975	1980	1981
Whisky					
Scotch	55.4%	53.1%	44.5%	35.0%	33.8%
Canadian	33.9	34.9	39.2	39.8	39.0
Total Whisky (Includes Irish)	89.3	88.4	83.9	75.1	73.4
White Goods					
Gin	3.0	4.0	3.8	4.6	4.1
Vodka	*	0.1	0.2	0.9	1.3
Rum (Not including P.R.&V.I.)	0.5	0.4	0.6	1.0	0.9
Tequila	0.3	1.1	5.3	5.2	5.6
Total White Goods	3.8	5.6	9.8	11.7	11.8
Specialties					
Brandy	4.8	2.8	2.2	4.6	5.0
Cordials & Liqueurs	2.2	3.3	4.1	8.7	9.9
Total Specialties	7.0	6.1	6.3	13.2	14.9
Total Imports	100.0%	100.0%	100.0%	100.0%	100.0%

*Less than 0.1%.
Source: IMPACT DATABANK.

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August 27, 1982

USBA supports penalties for false ID's

WASHINGTON, DC — The United States Brewers Assn. recently testified in support of a bill that would impose criminal penalties on manufacturers of false identifications bearing false birthdates.

"Purchases of malt beverages by underage persons presents an issue of deep concern to the brewing industry," says Don Shea, USBA vice president and director of Alcohol Programs Div.

Bill S.2043 would enable the industry to more effectively reduce the number of documents bearing unverified, false birthdates at the disposal of minors, he says. It would provide retailers with a means for preventing sale of alcohol to minors.

Also associated with false i.d.s are alcohol-related traffic accidents among this age group, according to Shea.

"The combination of drinking and driving by these young persons represents a dangerous combination," he says. "S.2043 could well play a significant role in diminishing traffic accidents by greatly reducing the identification cards which facilitate their purchases of alcoholic beverages."

Shasta intro's three flavors

HAYWARD, CA—Three new flavors are being added to Shasta's line of regular and diet soft drinks, according to Alfred A. Piergallini, senior vice president of marketing.

Dr. Diablo, Citrus Mist and Redberry will begin to appear on market shelves in July, in 12 and 16 oz. non-returnable bottles.

Cecil Lowry, vice president of science and technology, describes Dr. Diablo as a spicy pepper-type drink, which will compete in one of the fastest growing flavor categories.

Citrus Mist, targeted against the young adult market, is a low carbonated soft drink which combines the flavors of limes, lemons and other citrus.

Redberry, a berry flavor fruit taste, enters the popular Midwest red-pop category.

- For information on **Shasta,** circle no. 502 on reader service card.

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ALCOA

Sweeteners

(Continued from page 4)

as sugar (sweetness, bulk, brownability), uses should be identical. This product has not, however, been safety tested; FDA approval appears to be several years away. The current price for L-sugar is about $2.00 per pound. Maxwell says that unless this price can be brought down substantially, demand could be sluggish after FDA approval.

There is also a German-made (Hoechst) sweetener called acesulfame-K, for which FDA is expected to be petitioned soon (*see "Aspartame vs. acesulfame-K," page 14*). This product is 150-200 times sweeter than sugar. It is similar to saccharin, but is believed to have a slightly better taste, along with better stability under heat and acid conditions. Acesulfame-K is absorbed by the body, but is not metabolized. It has been successfully tested for safety in Europe.

Foreign tests aren't currently accepted by FDA, but a new proposal could reverse this ban, Maxwell reports, paving the way for quicker domestic approval. Pricewise, acesulfame-K would be preferable to aspartame, and it can be used in a wider variety of applications. Maxwell predicts strong competition between aspartame and acesulfame-K.

Allowable usage levels for HFCS vs. sucrose in 1981

	Sucrose* and	
Company & Flavor	**42% HFCS**	**55% HFCS**
Coca-Cola		
Coke	100% Sucrose	50/50
Sprite, Fanta, Orange, Hi C	75/25	100% HFCS
Mr. Pibb, Other Allied Products	50/50	100% HFCS
Pepsi Co		
Pepsi	100% Sucrose	50/50#
Mountain Dew	—	100% HFCS
Teem	50/50	100% HFCS
Patio Flavors	100% HFCS	100% HFCS
Seven-Up (Philip Morris)		
7UP	75/25	100% HFCS
Howdy Flavors	75/25	100% HFCS
Quirst	75/25	100% HFCS
Dr Pepper		
Dr Pepper	100% HFCS	100% HFCS
Royal Crown		
RC Cola	75/25	50/50
Nehi Flavors	100% HFCS	100% HFCS
Canada Dry (Norton Simon)		
Barrelhead	50/50	50/50
Wink	50/50	50/50
Flavors	100% HFCS	100% HFCS
Ginger Ale	75/25	75/25
Crush International		
Hires	100% HFCS	100% HFCS
Crush	100% HFCS	100% HFCS
Sundrop	100% HFCS	100% HFCS
Shasta (Consolidated Foods)	—	100% HFCS
Monarch	50/50	25/75
Dad's Root Beer (IC Industries)		
Dad's Root Beer	100% HFCS	100% HFCS
Bubble Up	100% HFCS	100% HFCS
Cadbury Schweppes		
Tonic	76/24	—
Ginger Ale	76/24	—
Flavors	100% HFCS	—
Squirt	100% HFCS	100% HFCS
Welch	100% HFCS	100% HFCS
Lipton	50/50	25/75
Nestle		
Nestea	100% HFCS	100% HFCS
Sunkist Orange	75/25	75/25

# In fountain syrup only

* Where both HFCS and sucrose are used in combination, the sucrose percentage appears first: e.g. 76/24 indicates a 76% sucrose content.

Source: John Maxwell, Lehman Bros. Kuhn Loeb Research

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August 27, 1982**

Domestic sugar and HFCS consumption

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Sugar (000 short tons raw)	11,345	11,487	11,429	10,945	10,302	10,893	11,099	10,889	10,756	10,189	9,770
HFCS (000 tons, dry)	95.0	131.5	218.2	316.9	530.6	786.1	1,036.0	1,358.8	1,731.0	2,174.0	2,675.0
Per Capita (lbs.)											
Total Sugar	102.1	102.3	100.8	95.6	89.1	93.4	94.2	91.5	89.3	83.7	79.4
HFCS	0.9	1.3	2.1	3.0	5.0	7.2	9.5	12.1	15.4	19.1	23.1
Total	**103.0**	**103.6**	**102.9**	**98.6**	**94.1**	**100.6**	**103.7**	**103.6**	**104.7**	**102.8**	**102.5**

Source: John Maxwell, Lehman Bros. Kuhn Loeb Research

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Comparative sweetener costs based on a range of aspartame prices

	Cost per pound		Ounces needed for standard soft drink case			Cost per case		
Sugar	**Saccharin**	**Aspartame**	**Sugar**	**Saccharin**	**Aspartame**	**Sugar**	**Saccharin**	**Aspartame**
$0.18	$4.00	$90.00	10.49	0.0350	0.0525	$0.118	$0.009	$0.295
0.18	4.00	80.00	10.49	0.0350	0.0525	0.118	0.009	0.263
0.18	4.00	70.00	10.49	0.0350	0.0525	0.118	0.009	0.230
0.18	4.00	50.00	10.49	0.0350	0.0525	0.118	0.009	0.164
0.18	4.00	45.00	10.49	0.0350	0.0525	0.118	0.009	0.148

Source: John Maxwell, Lehman Bros. Kuhn Loeb Research

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sweetener combinations

There has been speculation, Maxwell says, on the future use of nutritive-nonnutritive sweetener combinations. Two possibly conflicting FDA rules govern this. One states that low-calorie foods may contain a combination of sweeteners, unless an even lower calorie count can be achieved through use of a nonnutritive sweetener alone (for example, in soft drinks that are made with 100% saccharin). The other FDA rule says that the amount of nonnutritive sweetener used in a combination must be at least 50% of the total weight of the nutritive sweetener that would be needed if the latter were used alone.

The U.S. corn crop for the '81-'82 year (which runs October through September) is estimated at 7.7 billion bushels. That is 6% lower than last year's 8.2 billion bushel total, according to Maxwell's statistics. However, he says, with beginning stocks of a billion bushels and the comparatively large crop, supplies will be adequate.

The current year's market price, which is for corn harvested from the 1980-81 crop, should average $2.45 to $2.55 a bushel, compared with $3.11 in 1980-81. Maxwell says the price decline results from last year's large crop. The 1982-83 corn price is estimated to sell at $2.50 to $2.90 per bushel. This will represent corn harvested from the 1981-82 crop. Carryover at the start of that market period, Maxwell says, should be about 2 billion bushels.

Maxwell estimates total capacity utilization in the HFCS industry at 83.1% for 1982. This reflects 95% utilization for the first generation (42% fructose) product and 73% for the second generation (55% fructose).

Capacity for 55% fructose will increase 7% this year, with shipments rising 48%, Maxwell says. In 1983, 55%

(Continued on page 14)

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Aspartame vs. acesulfame-K

Diet soft drinks represent an immense potential market for new low-calorie sweeteners. Searle, aspartame's maker, is touting that product as the next generation low-cal sweetener for beverages. The company has some good reasons for its optimism. But, acesulfame-K, from Hoechst, looms as a strong competitor.

The pros and cons of aspartame work out this way: the product is generally considered an excellent-tasting sweetener, with no aftertaste (an important attribute since soft drinks are promoted mainly on the basis of taste-appeal).

Aspartame is expected to be approved by FDA for U.S. soft drinks sooner than acesulfame-K is, simply by virture of its earlier petitioning.

Aspartame's current problem's are two-fold: average shelf-life, without refrigeration, is four months; and aspartame is expensive, $90/lb. (versus saccharin at $4/lb.). Searle says that by the end of 1982, it can get the price down to $60/lb.

prohibitive price

If aspartame was approved for soft drinks at the end of this year, its price would probably be prohibitively high, even if used in combination with another sweetener. The reason for the high cost? Aspartame is expensive to make because its molecule is extremely complex.

Acesulfame-K is a derivitive of acetoacetic acid. While acetoacetic acid plays a role in the body's metabolic system, acesulfame-K is still a totally synthetic product. Aspartame, based on amino acids, could be marketed as an "all natural" sweetener; acesulfame-K could not.

Acesulfame-K's molecule is relatively simple, so production is uncomplicated. Searle makes aspartame in the U.S., while acesulfame-K production is currently limited to W. Germany. However, if markets open up, Hoechst could begin making acesulfame-K here.

In any case, at present, acesulfame-K has a price advantage. It is said to cost $15/lb.—more than saccharin, but less than aspartame.

Acesulfame-K could be used in combination with other sweeteners. But, it could also be used alone, since it is considered price competitive with saccharin. Saccharin is still safety-suspect in many quarters and warning labels are required. (It can be assumed that neither aspartame nor acesulfame-K would require warning labels on soft drinks.)

It is possible that saccharin could suffer the same fate as cyclamate. In that case, acesulfame-K's position would be enhanced, since pricewise, it's the more realistic substitute for saccharin and it reportedly has no aftertaste.

This year, Hoechst will petition FDA to approve acesulfame-K as a table-top sweetener, as aspartame is used now.

Hoechst has already petitioned the British government to approve acesulfame-K for table-top use. Early in 1983, the company plans to petition for use in soft drinks. Sources indicate a strong possibility of quick success on both these petitions in England.

As with aspartame or any of the new low-calorie sweeteners, domestic soft drink franchise companies have requested and received samples of acesulfame-K, and reportedly are developing possible formulations.

Bulk box system turns deadheading into money

TOLEDO, OH—A new, bulk-box system designed to stimulate public recycling of glass containers by soft drink bottlers and beer wholesalers has been introduced by Owens-Illinois, Inc. It will be used at its 19 glass manufacturing plants across the country.

Don G. Glover, vice president of the O-I Glass Container Division and manager of corporate and divisional recycling, said the new system amounts to "an easy, economical way to turn deadheading into money." He also said that soft drink bottlers and beer distributors can achieve community-relations benefits by establishing or extending buy-back recycling operations for the public.

The system is built around the bulk cullet container, an Ultrabin box made of O-I's high-compression Ultrastak corrugated material. The reusable triplewall box has a 36 cu. ft. capacity, and can hold up to 800 pounds of unbroken bottles and jars or up to 2,200 lbs. of processed, or broken, glass containers.

Assembled and set on a pallet, the box becomes a glass container collection, handling, and transportation system in one, Glover said. Boxes designed to fit standard 40 by 48 inch GMA pallets are in use now, and a style designed for 32 by 37 inch pallets will be available soon.

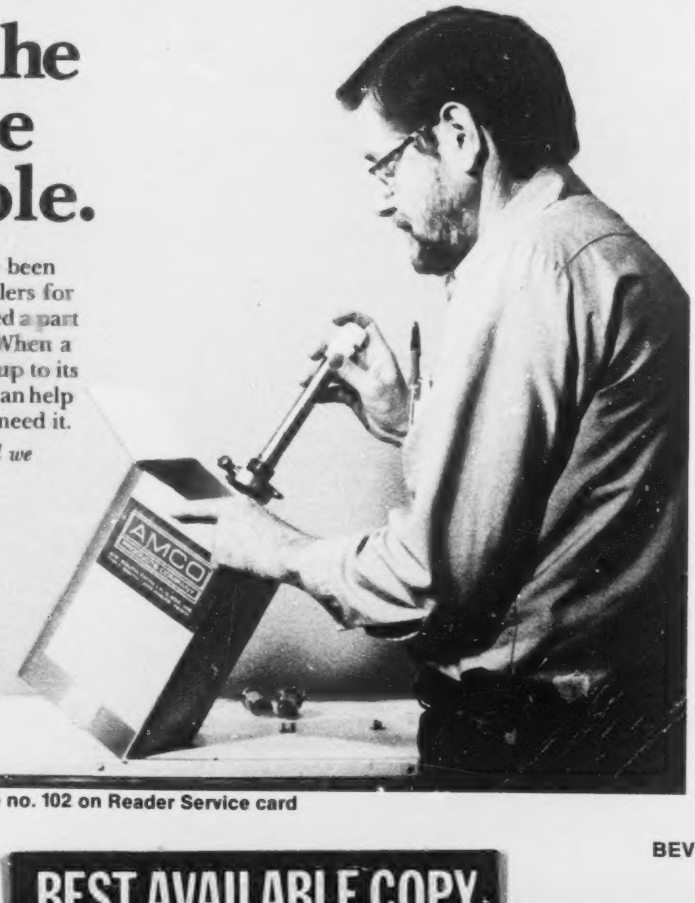
Compared to conventional methods for recycling glass, the new O-I system reduces transportation costs, offers three-color glass separation capability without added costs for container rentals or extra handling, and provides economies that make glass container recycling attractive even to smaller-volume recyclers, according to Glover.

advantages

"It is an ideal system for soft drink bottlers and beer distributors," he stated. "All you need is transportation for backhauls to an O-I glass container plant, 20 to 30 bulk cullet containers, and an equal number of pallets."

Then, instead of deadheading to the glass plant for bottles or to a nearby brewery for filled containers, soft drink bottlers and beer wholesalers can ship income-producing loads. When a truckload quantity of bulk boxes is filled with reclaimed glass, the recycler simply loads the boxes onto a truck and ships them to the O-I glass container manufacturing plant.

Each of the company's plants is equipped with a spe-



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Sweeteners

(Continued from page 6)

capacity should increase 21%. As of June 14, 1982, Nabisco Brands essentially left the fructose business by leasing its facilities to ADM for 13 years. ADM will probably not begin production with the additional capacity until next year. A.E. Staley is also adding capacity in 1983 at a Louden, TN plant. This will bring the company's total to 2.1 billion pounds, dry basis, Maxwell says.

Currently, the domestic price for raw sugar is more than twice the world level, or 17 cents, compared to 7 cents. World sugar production is higher than consumption, with the 1981-82 estimate at 97.2 million metric tons. Consumption for the same period is estimated at 91 million tons, pushing stocks to about 30% of consumption, according to Maxwell.

In 1982-83, world production should fall from this year's record high to 95 million metric tons, but should outpace consumption, estimated at 93.5 million tons.

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Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Jan. '82	Feb. '82	% change
Bottles-Total	24,457	22,714	(7.1)
Beverage:			
refillable	208	269	29.3
nonrefillable	3,409	3,758	10.2
under 10 oz.	109	64	(41.3)
10.0 to 15.9 oz	988	1,239	25.4
16.0 to 16.9 oz (includes .5-L)	2,060	2,233	8.4
17.0 to 33.9 oz (includes 1-L)	252	222	(12.0)
34.0 oz. and over (includes 2-L)	—	—	—
Beer:			
refillable	213	270	26.8
nonrefillable	8,305	7,757	(6.6)
under 11 oz	1,321	1,305	(1.2)
11.0 to 15.9 oz	6,482	5,883	(9.2)
16.0 and over	502	569	13.3
Liquor:	1,282	916	(28.5)
Under 125 ml (4.23 oz and under)	126	87	(31.0)
126 to 275 ml (4.24 to 9.3 oz)	348	194	(44.3)
276 to 500 ml (9.31 to 16.9 oz)	198	120	(39.4)
501 to 800 ml (16.91 to 27.04 oz)	245	204	(16.7)
801 to 1000 ml (27.05 to 33.80 oz)	245	190	(22.4)
1001 ml and over	120	121	0.8
Wine:	193	596	208.8
126 to 500 ml (4.24 to 16.9 oz)	117	93	(20.5)
501 to 800 ml (16.91 to 27.04 oz)	369	288	(22.0)
801 to 1000 ml (27.05 to 33.8 oz)	17	11	(35.3)
1001 to 1600 ml (33.81 to 54.08 oz)	190	122	(35.8)
Over 1600 ml (over 54.08 oz)	100	82	(18.0)

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	Feb. '82	March '82	% change
Metal (for spirits, wines)	56,556	44,682	(21.0)
Plastic (for spirits, wines)	132,743	139,456	5.1
Metal crowns (beer and soft drinks)	19,913	21,953	10.2
Soft drink (convenience types)	2,052	2,205	7.5
Soft drink (conventional types)	6,604	6,523	(1.2)
Beer (convenience types)	8,797	10,292	17.0
Beer (conventional types)	2,460	2,888	17.4
All other metal closures other than crowns	5,998	7,053	17.6

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	March '82	April '82	% change
Beer*	24,957,576	13,086,224	(47.6)
Whiskey	8,978,343	5,914,454	(34.1)
Brandy	840,960	389,682	(53.7)
Gin	574,979	359,224	(37.5)
Rum	70,272	71,000	1.0
Cordials and liqueurs	1,239,323	683,136	(44.9)
Others	1,117,034	548,803	(50.9)
Total	**37,778,487**	**21,052,523**	**(44.3)**
Sparkling wines	987,571	524,089	(46.9)
Still wines, table	16,381,289	7,515,613	(54.1)
Still wines, fortified	314,763	173,870	(44.8)
Vermouth	453,917	249,767	(45.0)

* Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price Index

(The year 1967 equals 100)

	Dec. '81	Jan. '82	% change
Cola	295.7	302.4	2.3
Other carbonated soft drinks	137.2	141.9	3.4
Noncarbonated drinks	137.1	138.0	0.7
Wine	203.5	205.0	0.7
Beer and ale	238.0	232.2	(2.4)

Sweetener data

(Cents per pound, dry basis)

	Dec. '81	Jan. '82	% change
HFCS wholesale prices			
California	20.21	16.90	(16.4)
New York	19.72	15.49	(21.5)
Chicago-West	19.72	14.08	(28.6)
Beet sugar wholesale prices	26.39	—	—
Dextrose wholesale prices			
California	28.64	28.64	0.0
New York	27.17	27.17	0.0
Chicago-West	27.17	27.17	0.0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Dec. '81	Jan. '82	% change
Bottles and cans	11,259,178	10,380,589	(7.8)
Barrels and kegs	1,648,054	1,523,023	(7.6)
For export	199,926	185,416	(7.3)
Other	12,907	21,985	70.3
Total	**13,120,065**	**12,120,013**	**(7.6)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	Dec. '81	Jan. '82	% change
Still wines (bulk)	158,581	131,423	(17.1)
Still wines (bottled)	30,804,093	30,051,476	(2.4)
Effervescent wines (bulk & bottled)	2,724,113	1,266,034	(53.5)
Total	**33,686,787**	**31,448,933**	**(6.6)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	Sept. '81	Oct. '81	% change
Whiskey	14,272,681	17,910,638	25.5
Brandy	1,200,650	1,595,603	32.9
Rum	2,127,667	2,347,808	10.3
Gin	3,307,410	2,970,727	(10.2)
Vodka	8,380,937	8,735,824	4.2
Cordials and liqueurs	3,002,165	3,548,523	18.2
Cocktails and mixed drinks	804,096	652,521	(18.9)
Total	**33,095,606**	**37,761,644**	**14.1**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	Jan. '82	Feb. '82	% change
Plastic bottles (blow-molded)	1,170,063	1,189,008	1.7
Carbonated beverages	165,865	157,031	(5.3)

Source: U.S. Dept. of Commerce
Bureau of the Census

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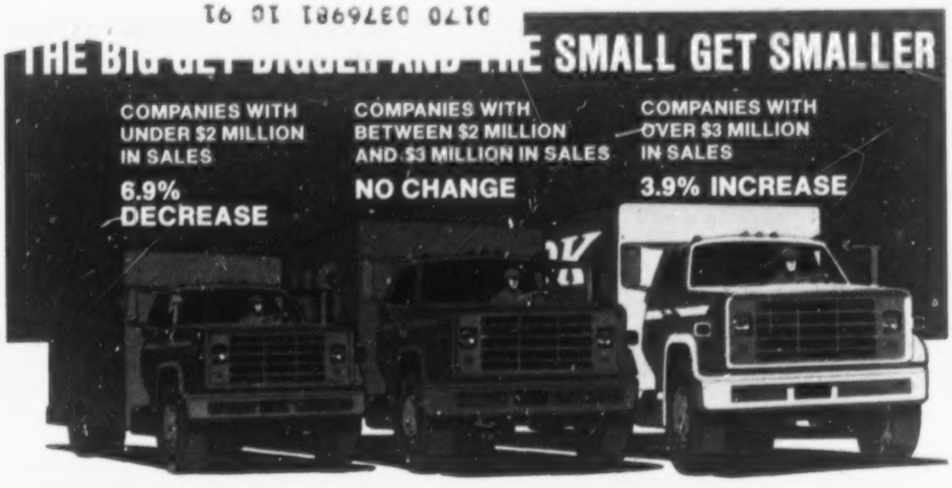

Number of beer wholesalers off as bigger firms' volumes rise

By Paul E. Mullins
Editor

MINGO JUNCTION, OH—Although soft drink and brewer mergers and acquisitions get the big headlines, the same activity is also taking place in the beer wholesaler industry. According to the 1981 U.S. Beer Wholesaler Sales Survey, published by Beverage Marketing Corp., located here, there were 77 fewer firms in business last year.

The decline represents a "plant mortality rate" of 1.6%. Most of these firms were located on the lower end of the sales spectrum. Firms with less than $2 million in sales actually declined at a rate of 6.9%.

Some of the smaller firms also moved into the higher category or were absorbed by firms in these groups. Companies with sales in excess of $3 million increased 3.6%.

(The $2 million to $3 million sales category remained the same, 1,112 firms in '80 vs. 1,113 in '81.)

The larger firms also increased their hammer lock on the bulk of beer sold: 1,497 companies—32.8% of the total—accounted for 72.7% of total dollar volume. The top sales performers, those with sales in excess of $10 million (7.22% of the total) now control $6.9 billion in sales, 38.17% of the total.

According to Michael Bellas, BMC president, there was one surprise in the top listing. "One $50 million-or-more operation went out of business. The firm was located in New York and its brands were absorbed by other distributors in the metropolitan area," he says.

This year's study also provides names and addresses for all distributors in each state. For a list of the seven top U.S. distributors, see page 10.

Total wholesale dollar volume for the 4,637 distributors in business last year was

(Continued on page 10)

FDA hints 'okay' for acrylonitrile bottle

WASHINGTON, DC—In letters to both Monsanto and Vistron, the Food and Drug Administration has held out the possibility of approving acrylonitrile soft drink bottles under its proposed constituents policy.

However, the plastics manufacturers would have to submit new food additive petitions to FDA for marketing clearance since it does not consider the acrylonitrile monomer (AN) migration levels to be de minimis.

While it would appear the two bottle makers would welcome this latest bit of news, it is conceivable they might contest the agency's decision, arguing that AN in soft drink containers is not a food additive.

In data it submitted to FDA on its Cycle-Safe bottle, Monsanto maintained there was a "lack of migration of AN." But FDA begged to differ, concluding the bottle was indeed a food additive due to the "reasonable expectation of the migration of AN and other constituents."

Specifically, FDA said there was a "potential for migration of AN at levels up to .16 parts per billion (ppb)" which it did not consider "inconsequential" as well as volatile components including hydrogen cyanide (HCN), styrene monomer and formaldehyde.

In evaluating AN migration, FDA used conservative risk assessment procedures and data from Dow and Monsanto studies. It concluded that AN copolymers "may safely be used for contact with food provided that exposure to AN does not exceed .5 microgram per day."

Based on this tolerance level, ".5 ppb or less would be

(Continued on page 8)

States' tough laws battle drunk drivers

WASHINGTON, DC—While recent alcohol beverage industry and federal attention has focused on the hazards of drinking and driving, the states surrounding the nation's capital have toughened their drunk driving laws, with Maryland also increasing its drinking age.

Virginians with a drunk driving offense are no longer able to enter a rehabilitation program to erase the conviction from their record. Moreover, those with two convictions must now spend two days in jail, while those with three face a minimum one month sentence and possible

(Continued on page 13)

High insurance costs squeeze bottlers' profits

By Robert Kreutzer
Senior Editor

SPECIAL REPORT—A soft drink bottler recently received his company's insurance policy renewal. In one year, medical premiums had risen a hefty 29% for individual coverage and an amazing 70% for dependent coverage.

This example is extreme, but it points up a common, and worsening, problem. Ten years ago, insurance costs to soft drink bottlers were considered little more than another bookkeeping item. Today, insurance premiums can be a major expense, principally due to the growth in medical coverage costs.

When their premiums go up, bottlers have to decide whether to pass them along in higher product prices (which isn't easy in a time of widespread discounting), or absorb the added cost.

Both the Coca-Cola and Pepsi-Cola bottlers' associations offer group insurance

(Continued on page 16)

BI Week

- **New president for one of nation's top five soft drink franchisors due to be announced shortly. (Perhaps even by the time you read this.) Non-stop rumors are that the new man is one of industry's leading marketing strategists. Guy he's replacing reportedly is being moved upstairs.**

- **BI's nominee for what had to be one of the toughest marketing decisions of '82. BMI's decision to sign**

(Continued on page 41)

Gov't. seeks total ATF alcohol control

WASHINGTON DC—It might not happen during this Congress, but the government would like to amend the Federal Alcohol Administration Act (FAAA) so that all alcoholic beverages are regulated by the Bureau of Alcohol, Tobacco and Firearms.

Currently, beverages with more than 7% alcohol come under ATF's jurisdiction, while those with less fall within the Food and Drug Administration's purview. This has presented a problem for light wines and ciders, which are considered alcoholic beverages for taxation purposes, but foods for labeling purposes.

Villa Bianchi, which manufactures a reconstituted light wine with 6% alcohol, has been particularly bothered by this regulatory limbo and complained to the Office of Management and Budget—but help may be on the way, at least in spirit.

In a letter to Sen. Robert

(Continued on page 14)

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Contents

Number of beer wholesalers drops

Merger and acquisition activity isn't limited to soft drink companies and brewers; a new study shows that the number of U.S. beer wholesalers is also dropping. There were 77 fewer firms in business last year. Most of these were smaller volume companies. Larger firms, those with sales above $10 million annually, now control almost 40% of total beer sales. For an in-depth story, full of statistical data, see **page 1.**

FDA, plastics cos. disagree on AN

FDA has told Monsanto and Vistron that under the agency's proposed constituents policy, acrylonitrile might be approved for use in making soft drink bottles. But, the plastics makers would have to submit new food additive petitions to FDA for marketing clearance. FDA and Monsanto disagree on migration of acrylonitrile monomer. Monsanto may contest FDA's decision, saying that AN isn't a food additive. For more, see **page 1.**

Med. costs boost bottlers' insurance

Skyrocketing medical costs are causing headaches for soft drink bottlers who see their corporate insurance policy premiums increase year after year. When premiums rise, bottlers have to decide whether to absorb the cost or pass it through. One franchise bottler association is reexamining its master policy for members. What is the magnitude of the problem? And, what can bottlers do? For some answers, see **page 1.**

SD sales up 3.8% to $20 billion value

Total soft drink gallonage rose 3.8% from 1980 to '81, according to the latest tabulations from NSDA. While the percentage increases in various gallonage segments '80 to '81 were up at a slightly slower rate than those of '79 to '80, total SD sales reached 4 billion cases, with an estimated wholesale value of $20 billion, a heafty increase from 1980. For a complete breakdown of NSDA numbers, see **page 4.**

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Supply House 27

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7up
Coke
16 oz
RC
PEPSI
Dr Pepper

A NATIONWIDE NETWORK.

Brockway has 13 strategically located glass container production plants from coast to coast for better service and fast, dependable delivery.

When you need single-service or family-size Plasti-Shield* containers, Brockway meets the demand with capabilities for Plasti-Shield containers at seven plant locations.

And whatever your need in refillable or nonrefillable glass, in plain, private mould or blown letter, you can count on Brockway to keep you supplied with 7 oz. to one liter sizes.

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Glass single-service containers make up the fastest growing segment of the vending market. And Brockway's new Plasti-Shield containers with co-extruded labels can be dispensed in vending machines.

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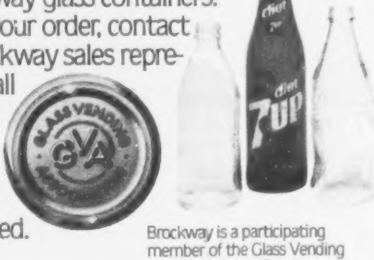

Brockway is a participating member of the Glass Vending Association's vending program sponsored by the Glass Packaging Institute.

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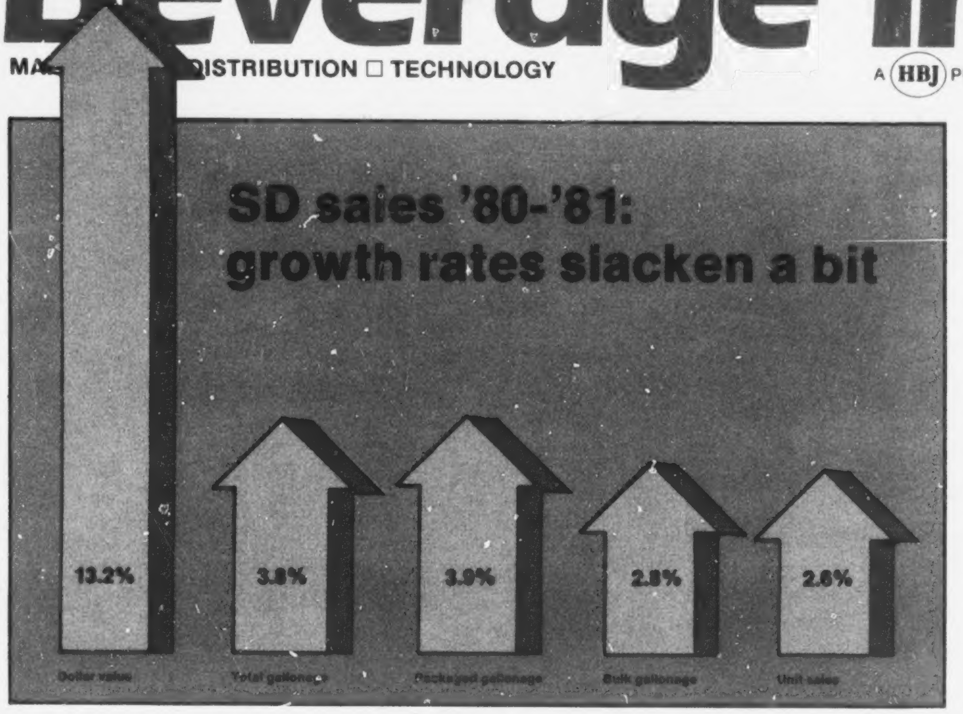
Circle no. 103 on Reader Service card

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS
SEPTEMBER 10, 1982
Beverage Industry
MA DISTRIBUTION ☐ TECHNOLOGY
A HBJ PUBLICATION



Source: NSDA

Copyright: Beverage Industry, September 10, 1982

Welch's puts new look on carbonated SD line

DALLAS, TX—Welch's line of carbonated soft drinks now carry new package graphics.

New packages will enter the market as bottlers and suppliers exhaust existing inventories. Welch's primary audience is age 12-18. Over 60% of the company's volume is sold through cold bottle outlets. The grape flavor, introduced in 1974, is the most popular, followed by strawberry.

"We didn't go into a graphic revision looking for a revolutionary new look, but rather an evolutionary update of the original package that would appeal to our target audience," said Donald Antle, v.p. and general manager at Premier Beverages, Inc., a wholly-owned subsidiary of Dr Pepper Co. with marketing rights to Welch's soft drink line.

In the new design, the sparkling bubbles, part of Welch's packaging tradition, are larger. Mandatory copy and the Universal Product Code have been repositioned.

On cans, the Welch's logo is printed diagonally on three sides, so the brand name is always clearly visible. Labels for 16 oz. and 2-L sizes also carry the logo on the diagonal.

Welch's soft drink line includes grape, strawberry, orange and apple flavors.

Welch's product line sports new design.

SD gallonage increases: wholesale value to $20 B

WASHINGTON, DC — Total soft drink gallonage, bulk and packaged, advanced 3.8% *from 1980 to '81. The packaged* segment was up 3.9% and bulk rose 2.8%. Unit sales increased 2.6%, and total dollar value was 13.2% higher, according to the latest tabulations from the National Soft Drink Association, based on responses from 284 plants.

The percentage increases, '80 to '81 were at a slightly slower rate than those of '79 to '80. Nonetheless, total soft drink sales reached 4 billion cases (288 oz. per case) of standardized units in 1981, representing an estimated $20 billion wholesale value, up from 17.7 billion in 1980. Per capita consumption also advanced to 412.3 12-oz. units, or about 40 gallons.

NSDA says that bulk packaging now accounts for 22.4% of the national soft drink market, with packaged sales steady at 77.6%. Post-mix accounted for 84.6% and premix was 15.4% of bulk sales last year.

The market share of cans was 36.0%, refillable glass, 29.0%, plastics, 19.9% and one-way glass, 15.1%

The 16 oz. one-way glass size accounts for 57.0% of the one-way glass total market share. The 10-12 oz. size *makes up 29.0% of the one-*way share; 1-L accounts for 6.0%; 2-L makes up 7.0%.

For the refillable glass market, 16 oz. size again leads with 59.0%, followed by 1-L, at 20.0% and 10-12 oz. at 17.0%.

Bulk sales, according to NSDA figures, were up overall 2.8% in 1981, with pre-mix decreasing by 2.0% and post-mix increasing 3.7%. Packaged sales rose 3.9%, led by plastic at 15.9%. One-way glass rose 11.0%; can sales were up 0.08%. Refillable glass was down 1.5%.

Among glass packages, the one-way 16-oz. bottle grew 40.5% and the refillable 16-oz. was up at a 7.4% rate. All other glass categories were off from 1980.

flavor mix

According to NSDA, regular soft drinks accounted in 1981 for 85.0% of packaged sales; the diets increased to 15.0%. Colas held a 63.0% share of the regular soft drink category; lemon-limes were 10.4%; pepper-types were 5.4% and orange was 4.9%. In the diet category, cola held a 65.3% share; lemon-limes had 13.3%.

Soft drink sales in food stores accounted for 59.4% of packaged volume, vending machines for 16.4% and other retail outlets for 24.2%, according to NSDA.

Glass industry reduces its energy use

WASHINGTON, DC—The glass container manufacturing industry has reduced its per-container energy consumption by 19.31% since 1971, according to a recent report submitted to the U.S. Department of Energy (DOE) by the Glass Packaging Institute. Total glass container shipments have increased by approximately 24% during the same period.

In 1972, DOE asked the glass container industry to reduce its per-container consumption by at least 13.5%. Numerous energy saving measures allowed it to meet the target by the end of 1979.

The 19.31% efficiency improvement was achieved despite industrial inefficiencies associated with an often depressed national economy.

New graphics for Stroh cans enter market

DETROIT, MI—The Stroh Brewery Co., after two years of test marketing in various states, is introducing a new premium beer can in Ohio, North Carolina and Florida.

The company will assess the popularity of the new can design, and then, sometime this year, will decide whether to apply the graphics to its entire product line.

Ohio and North Carolina are established markets for Stroh; Florida is a brand new market. So, Stroh will be

(Continued on page 14)

Stroh's new graphics.

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Beer Sales

(Continued from page 1)

$18,245,250,000, up 5.4%. Total barrelage, 182,277,000, was up 2.5%.

regional trends

Sections which were hardest hit in terms of losing distributors were the Midwest, down 20; the Great Lakes, down 34; the Southwest, down 14; and the Far West, down 15. Slight gains (six in each region) were recorded in the Plains and Southeast.

(See below for a listing of regions by state.)

There were very few changes in dollar volume and barrelage between 1980 and 1981. The Sunbelt states of the Southeast, Southwest and Far West still account for the bulk of regional sales. These three areas account for 43.4% of total sales, up from 31.7% in 1980.

The Great Lakes area with 943 distributors is still the top sales area, accounting for 20.3% of total sales. The Southeast, however, is only .7 of one percentage point away and is gaining while the Great Lakes area is declining.

The Southeast has already overtaken this region in actual barrels sold and accounts for 20.8% of total barrelage.

Sales in the New England area reflected the impact of price increases, according to Bellas. Dollar volume increased (by $26 million) but barrelage dropped, by over 100,000 units.

regional concentration

Concentration of sales among the larger firms is also evident in the regions.

In New England, 19 companies with sales in excess of $10 million, 15.23% of the total, account for 50.15% of sales. In the Midwest, this same group (61 firms, 9.29% of the total) accounts for 46.77% of dollar volume.

In the Great Lakes, 110 firms with sales in excess of $5 million, 17.01% of the total, had 53.7% of dollar volume.

Seventy-eight plants in the Plains states, those with sales in excess of $3 million (14% of the total) accounted for 47.05% of dollar volume.

(Continued on page 13)

Concentration in the beer wholesaler industry

Size of company	No. of companies	Percent of total	Wholesale dollar volume**	Percent of total	Estimated barrelage**	Percent of total
$50 million or more	7	.15	$ 385,000	2.1	3,675	2.02
$25 million to $50 million	42	.91	$ 1,575,000	8.6	15,750	8.64
$10 million to $25 million	286	6.17	$ 5,005,000	27.4	50,050	27.46
$5 million to $10 million	473	10.20	$ 3,547,500	19.4	35,475	19.46
$3 million to $5 million	689	14.86	$ 2,756,000	15.1	27,560	15.12
$2 million to $3 million	1,113	24.00	$ 2,782,500	15.2	27,825	15.27
$1 million to $2 million	1,076	23.20	$ 1,614,000	8.8	16,140	8.85
$500,000 to $1 million	685	14.77	$ 513,750	2.8	5,137	2.82
Less than $500,000*	266	5.73	$ 66,500	.3	665	.36
Total	**4,637**	**100.00**	**$18,245,250**	**100.00**	**182,277**	**100.00**

* Includes 2 unclassified firms
** Add ,000

Source: Beverage Marketing Corp., Beverage Data Bank

Copyright: Beverage Industry
September 10, 1982

Seven domestic $50 million-plus beer distributors

Foothill Beverage
2800 S. Reservoir St.
Pomona, CA 91766
Straub Distributing Co.
410 W. Grove Ave.
Orange, CA 92665
C & K Distributors, Inc.
555 N. Tripp Ave.
Chicago, IL 60624
Burke Distributing Corp.
89 Teed Drive
Randolph, MA 02368
Port Distributing
45-01 Vernon Boulevard
Long Island City, NY 11101
Union Beer Distributing
1213 Grand St.
Brooklyn, NY 11211
Willow Distributors
2601 Cockrell St.
Dallas, TX 75215

Regional breakdown

New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.
Northeast: Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania.
Great Lakes: Illinois, Indiana, Michigan, Ohio, Wisconsin.
Plains: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.
Southeast: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia.
Southwest: Arizona, New Mexico, Oklahoma, Texas.
Rocky Mountain: Colorado, Idaho, Montana, Utah, Wyoming.
Far West: Alaska, California, Hawaii, Nevada, Oregon, Washington.

Distributor sales by state, 1981

State	No. of companies	Wholesale dollar volume*	Estimated barrelage*
Alabama	61	223,750	2,237
Alaska	16	37,000	369
Arizona	66	280,750	2,807
Arkansas	64	146,500	1,464
California	288	2,004,500	19,994
Colorado	59	274,750	2,747
Connecticut	23	195,000	1,950
Delaware	9	51,750	517
Washington, DC	6	58,000	580
Florida	99	930,750	9,307
Georgia	75	361,750	3,617
Hawaii	23	92,750	927
Idaho	41	78,250	782
Illinois	242	930,500	9,279
Indiana	156	395,750	3,957
Iowa	104	232,750	2,327
Kansas	66	167,250	1,672
Kentucky	75	230,250	2,302
Louisiana	78	348,500	3,484
Maine	25	84,000	840
Maryland	70	341,500	3,414
Massachusetts	57	496,500	4,940
Michigan	194	690,500	6,904
Minnesota	146	324,250	3,242
Mississippi	59	163,750	1,637
Missouri	118	395,000	3,949
Montana	50	88,000	879
Nebraska	53	141,000	1,409
Nevada	22	101,250	1,012
New Hampshire	20	99,500	995
New Jersey	57	530,500	5,305
New Mexico	31	123,500	1,235
New York	183	1,276,500	12,715
North Carolina	96	371,750	3,717
North Dakota	35	58,000	579
Ohio	159	822,250	8,222
Oklahoma	65	207,750	2,077
Oregon	108	209,250	2,092
Pennsylvania	450	980,750	9,807
Rhode Island	12	76,250	762
South Carolina	59	220,250	2,202
South Dakota	30	50,500	505
Tennessee	60	298,250	2,982
Texas	357	1,517,250	15,147
Utah	20	77,000	770
Vermont	14	45,000	450
Virginia	90	384,750	3,847
Washington	135	338,500	3,384
West Virginia	74	116,750	1,167
Wisconsin	192	524,250	5,242
Wyoming	36	50,500	505
Total	**4,637**	**$18,184,250**	**182,252**

Source: Beverage Marketing Corp., Beverage Data Bank

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September 10, 1982

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Japanese soft drink sales continue decline in '81

By Sankichi Yamasaki
Far East Correspondent

TOKYO, JAPAN—Soft drink consumption and production in Japan is down for the third consecutive year, locked in a downward spiral since reaching its production peak of 3,408,000 kiloliters in 1978.

Production is down 740,000 kiloliters to 2,668,000 in 1981, with cola's, lemon/lime and flavored soft drinks suffering the most. Colas and lemon/lime are down 324,000 and 305,000 kiloliters respectively since '78, and the "flavor" category is off 197,000 from 1979.

Per capita consumption is also down, from 29.6 liters in 1978 to 22.3 liters in 1981. Milk drinks are also down, from 16.4 to 14.2 liters during the same period. Though soft drinks have struggled the most in recent years, they are not alone. The entire non-alcoholic beverage market was flat in 1981. Per capita consumption for this category has increased only 2.7% from 1977 to 1981.

The Japanese soft drink industry has been trying to keep its selling price as low as possible, while labor, distribution, ingredient and packaging costs have increased, squeezing bottlers' profits and ad expenditures. Low consumption is also attributed to the cool, rainy weather Japan has been experiencing during the summer months for the past several years.

consumer needs

Industry observers feel that the soft drink industry in Japan has been slow in adapting to consumer needs. The beer industry, for example, has not suffered from the same declines as the soft drink industry, due mainly to the introduction of new products and packages over the last few years.

But even though the non-alcoholic beverage market, as a whole, has been flat of late, several beverages have shown growth. Milk and specialty drinks (vitamin/mineral/other nutrition fortified) have increased. Canned coffee drinks and sport drinks have also been up. Consumption of coffee drinks has risen from 313,000 kiloliters in 1977 to 690,000 kiloliters in '81.

Soy milk production also is up considerably, rising to 40,000 kiloliters in '81 from only 3,000 in 1977. The fruit drink category was also up slightly, by 2,000 kiloliters from '80-'81.

Milk and bottled water are both up in per capita consumption over the last five years. Since 1977, milk has risen to 34.9 from 30.7 liters and bottled water is up to .7 liters from .4. The major reason for the increases in these categories is the perceived nutritional value and cost con-

(Continued on page 14)

Flavor market share of carbonated drinks

1981	Flavor	1979
40.1%	Cola	40.4%
31.1	Lemon/Lime	30.9
11.3	Orange	13.9
6.9	Grape	7.9
4.0	Lemon	1.9
2.1	Cream-Soda	1.2
1.1	Club-Soda	0.9
1.4	With Juice	0.7
0.2	Apple	0.7
0.3	Cherry	0.3
0.4	Gingerale	0.2
0.1	Grapefruit	0.2
1.0	Others	0.8
100.0%	Total	100.0%

Source Yamasaki Internati Copyright: Beverage Industry, September 10, 1982

Container market share of carbonated drinks

1981	Container	1980
	Bottles	
	ml	
13.5%	180-200	16.0%
2.3	201-300	2.8
15.0	301-400	17.4
37.2	500-1,000	34.1
68.0	**Sub-Total**	**70.3**
	Metal cans	
	ml	
30.3	250-350	28.1
1.7	500	1.6
32.0	Sub-Total	29.7
100.0%	**Total**	**100.0%**

Source Yamasaki Internati Copyright: Beverage Industry, September 10, 1982

Production of packaged, non-alcoholic beverages in Japan

Unit = 000 kiloliter

Category:	1981:	1980:	80/81%
Carbonated drinks (1)	2,668	2,855	(6.5)%
Non-Carbonated drinks			
Fruit drinks	1,645	1,643	—
Milk drinks (2)	1,675	1,774	(5.6)
Others (3)	730	638	(14.4)
Sub-Total	4,050	4,055	—
Fruit juice	165	160	(3.1)
Vegetable juice	131	163	(19.6)
Milk	4,113	3,953	(4.0)
Bottled water	85	78	(9.0)
Sub-total	4,494	4 354	(3.2)
Grand total	**8,544**	**8,409**	**(1.6)%**

(1) contains specialty carbonated drinks, vitamin/mineral/other nutrition fortified.
(2) includes flavored/sugared milk drink and fermented milk drink, ready-to-drink and concentrated.
(3) includes coffee drink and soy milk.

Source Yamasaki International

Copyright: Beverage Industry, September 10, 1982

Drinking age

(Continued from page 1)

lifetime revocation of their driver's license.

Meanwhile, second offenders in Maryland can no longer receive probation before sentencing to avoid convictions which will now remain on the motorist's record for a greater time period. Repeat offenders' license plates can be confiscated for 120 days, and those involved in fatal car accidents are required to take blood alcohol tests.

The United States Brewers Association recently sponsored a radio campaign geared to young adults on drinking and driving and local car dealers here have formed DADD—Dealers Against Drunk Driving—to reach primarily high school students.

Through the help of the area's Automotive Trade Association, the group plans to get its message across through posters, sales personnel and public-service radio announcements in an effort to curb the growing drunk driving problem.

Since most of the automobile accidents tend to involve young adults, Maryland has raised the drinking age to 21, although it lowered it to 18 in the early 1970s. However, individuals who reached their 18th birthday by July 1 are exempt from the new law, which is being challenged in court as allegedly unconstitutional by barring some, but not all 18 year olds, from legally obtaining liquor.

Although Maryland has raised the drinking age, the 18-21 set can still purchase alcohol in the District of Columbia, West Virginia and Delaware. Nevertheless, the Maryland legislators feel their new drunk driving and drinking age laws are a step in the right direction to decrease auto accidents and fatalities stemming from this problem.

Beer sales

(Continued from page 10)

More than 54% of total sales in the Southeast are accounted for by 18% of the total number of firms in this region, 165 companies—all with sales in excess of $5 million.

The over-$5 million group in the Southwest, 96 plants, 18.5% of the total, controlled 60% of sales.

In the Rocky Mountain region, 39 plants, about 19% of the total, have 54% of the business. All these plants have volumes in excess of $3 million.

Twenty-one percent of the firms in the Far West account for the bulk of sales, 64.13% of the total. These firms all have volumes in excess of $5 million.

Copies of the Beverage Marketing Corp. annual study are available from the firm. Please contact Janet Fanshaw, BMC, 866 Second Ave., New York, NY 10017. Individual copies are $495.00

Regional demographics of beer distributors '81

Region	No. of companies	% of total	Wholesale dollar volume*	% of total	Estimated barrelage*	% of total
New England	151	3.3	996,250	5.4	9,937	5.4
Midwest	775	16.7	3,239,000	17.7	32,339	17.7
Great Lakes	943	20.3	3,363,250	18.4	33,607	18.4
Plains	552	11.9	1,368,750	7.5	13,687	7.5
Southeast	899	19.4	3,797,000	20.8	37,970	20.8
Southwest	519	11.2	2,129,250	11.6	21,267	11.7
Rocky Mountain	206	4.4	568,500	3.1	5,685	3.1
Far West	592	12.8	2,783,250	15.3	27,781	15.2
Total	4,637		$18,245,250		182,273	

*Estimated; add ,000

Source Beverage Marketing Corp., Beverage Data Bank

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September 10, 1982

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ATF

(Continued from page 1)

Packwood (R-OR), Christopher DeMuth, OMB's administrator for information and regulatory affairs, noted that the Food and Drug Administration "is fully supportive" to have all alcoholic products under ATF rule and "would propose corresponding changes to the Food, Drug and Cosmetic Act if such an amendment should pass." He noted that both agencies are well aware of the "incompatibility of the statutory language and have been coordinating their activities to minimize the regulatory burden on the industry within their statutory constraints."

William Drake, ATF assistant director for regulatory enforcement added "there is no controversy between FDA and ATF over changing this section of the FAAA." But the real problem, he said, will be getting the trade associations, brewers, wholesalers, vintners and distillers to all agree on an entire revamping of the act, which has not been touched since its 1935 enactment. "We need to modernize and deregulate the entire law, since it covers some things that are necessary and others that no longer need such oversight," Drake explained.

Coke is it!
Trade-mark ®

"Coca-Cola" and "Coke" are registered trade-marks which identify the same product of The Coca-Cola Company.

Circle no. 104 on Reader Service card

Stroh

(Continued from page 4)

looking at acceptance of the package in areas with various levels of penetration.

Stroh's prime target market for the new graphics is young adults, which the company says are potential customers forming brand loyalties and who are normally trend setters.

Featuring an overall white background, the new design on all-aluminum cans is similar in some respects to its predecessor. The lion-and-crown crest is at the top and "America's Only Fire-Brewed Beer" is on a red horizontal stripe across an oval label.

The white Stroh's logo is super-imposed over a gold background rather than the solid black background of the former can. Other changes include higher placement on the can and addition of the word "premium." Six lines of certificate copy about the fire-brewing process and the Stroh heritage have been added below the label.

Testing of the revised can graphics began in 1980. The 12 and 16 oz. cans are made by Stroh Container, Inc., a wholly-owned subsidiary of Stroh in Fremont, OH.

Japanese SD

(Continued from page 13)

sciousness of Japan's consumers. Also, these drinks are linked to new product development activity. Most industry observers feel the categories that have shown the most innovation have also shown growth.

Though the past few years have been rough for carbonated beverages, several factors are expected to affect the soft drink industry favorably in the near future. Weather conditions were improved in May and June, and this will lead to higher consumption. Recent approval of PET and other plastic bottles by the government for soft drinks, along with a cost reduction of almost 30% in sugar due to government policy change, are expected to boost Japan's soft drink industry in 1982 and beyond.

Beer, wine, spirits ads cost $1 billion in 1981

NEW YORK — Alcoholic beverage companies spent over a billion dollars, the most ever, on advertising in 1981. Outlays for wine, distilled spirits and beer rose 12% above 1980, as ad spending continued to outpace the growth rate of shipments in all three categories, according to data compiled by Impact Databank.

Spending on beer, accounted for about 46% of the total, or $464.8 million. That put beer spending up to 11% over 1980. Outlays for wine climbed 28%, to $173 million. Money for distilled spirits rose 8% to $377.1 million.

The strong pace of ad spending in these categories far outstripped the growth in sales from '80 to '81. Wine shipments were up last year by 6%, beer was up only 2% and spirits' sales were flat. Nonetheless, distilled spirits producers continued to increase ad money per gallon shipped to 83 cents last year. Vintners spent 34 cents per gallon; brewers, eight cents. Througout the seventies, Impact says, ad spending growth surpassed sales growth in the three categories.

Alcoholic beverages ad money went mostly into television last year, with 44% of media dollars. In 1970, TV accounted for 28% of media dollars.

Total spending in magazines, outdoor and in newspapers was down last year. Magazines took 25% of ad dollars, or $251.6 million; outdoor was 7%, or $72.2 million; and newspapers were 11%, or $116.9 million. Distilled spirits accounted for the majority of spending.

[redacted]

Alcoholic beverages 1981 advertising expenditures
(millions of dollars)

	1980	1981	Change Dollars	Change Percent
Wine	$135.5	$ 173.0	$ 37.5	+ 28%
Distilled spirits	348.0	377.1	29.1	+ 8
Beer	419.6	464.8	45.2	+ 11
Total	$903.1	$1,014.9	$111.8	+ 12%

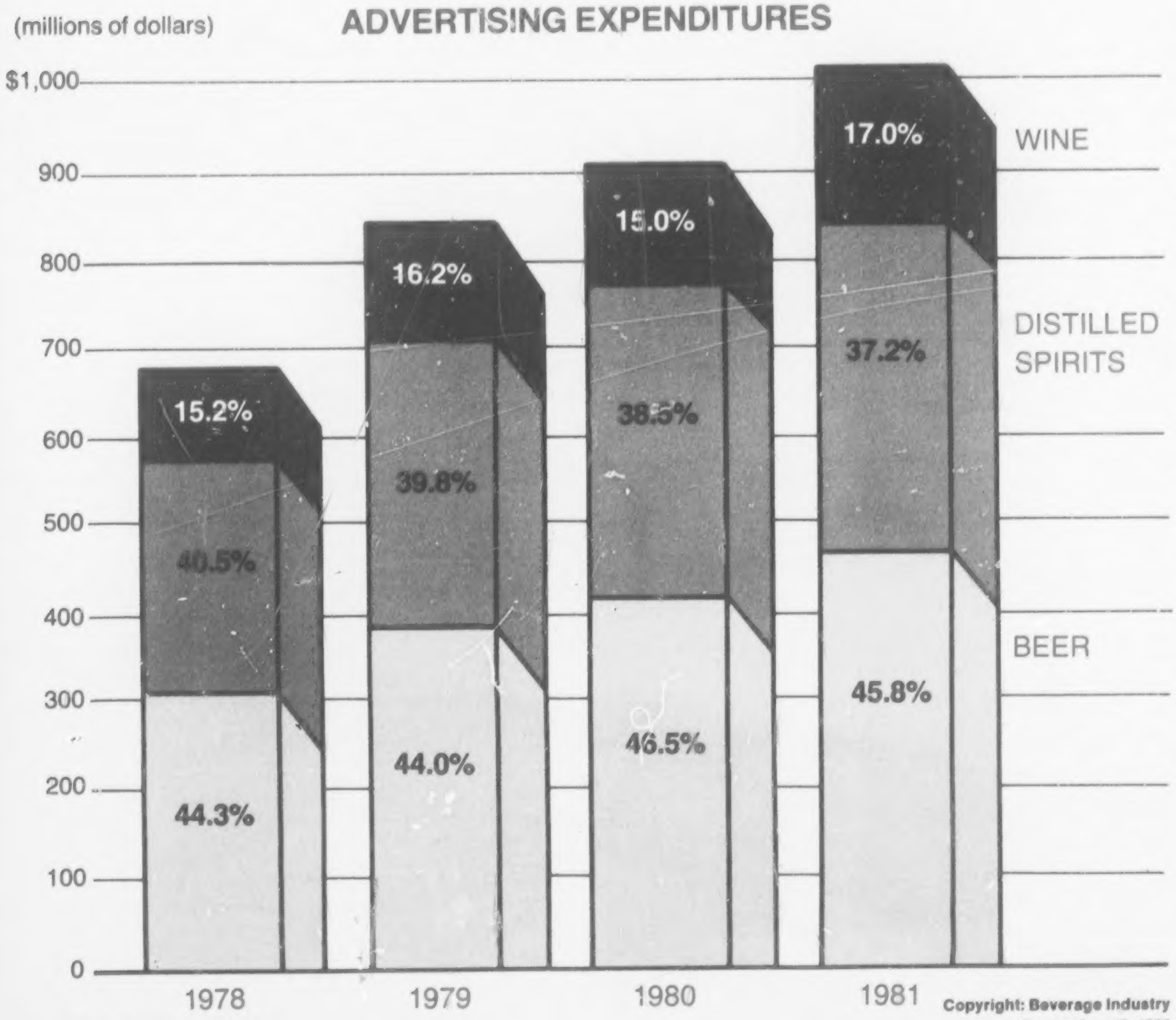
Sources: LNA, PIB, MR, RER, IMPACT DATABANK and IMPACT estimates.

Copyright: Beverage Industry
September 10, 1982

For beer, all media, except spot TV and newspaper supplements, were funded significantly higher, '81 over '80. Spot radio ads were up 40%, to $102 million; network radio was up 50%, to $3.9 million. Spot TV dropped 3%, to $125 million.

Total print and outdoor spending on beer rose 19%, '80 to '81, to $38 million, or 8% of all beer advertising. Brewers spent $17.9 million in magazines, $9 million outdoor and $11 million in newspapers, according to Impact.

ALCOHOLIC BEVERAGE ADVERTISING EXPENDITURES



Source: IMPACT DATABANK.

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September 10, 1982

Asahi mkts. draft beer in 2-L alum. cans

TOKYO, JAPAN — Asahi Brewery Co., Ltd., has begun marketing its draft black beer in both 2-L aluminum cans and 300 ml widemouth bottles. These containers are being used exclusively by Asahi.

The black beer has a 5% alcohol content, which is 0.5% higher than standard beer in Japan. The company expects this year to sell a million cans and 200,000 cases (24 bottles per case) of the bottle.

Suppliers include: Nippon Light Metal Co., makers of the can and its closure; Shin Nihon Glass Co., which makes the bottles; Nippon Crown Cork Co., for the bottle closure; Fuji Seal Co., supplies the applied labels for the 2-L cans; Toppan Printing Co., supplies labels for the bottles; and Mead Toppan Co., which supplies multipacks for the bottles. The 2-L cans are sold individually.

Asahi 300 ml aluminum bottle.

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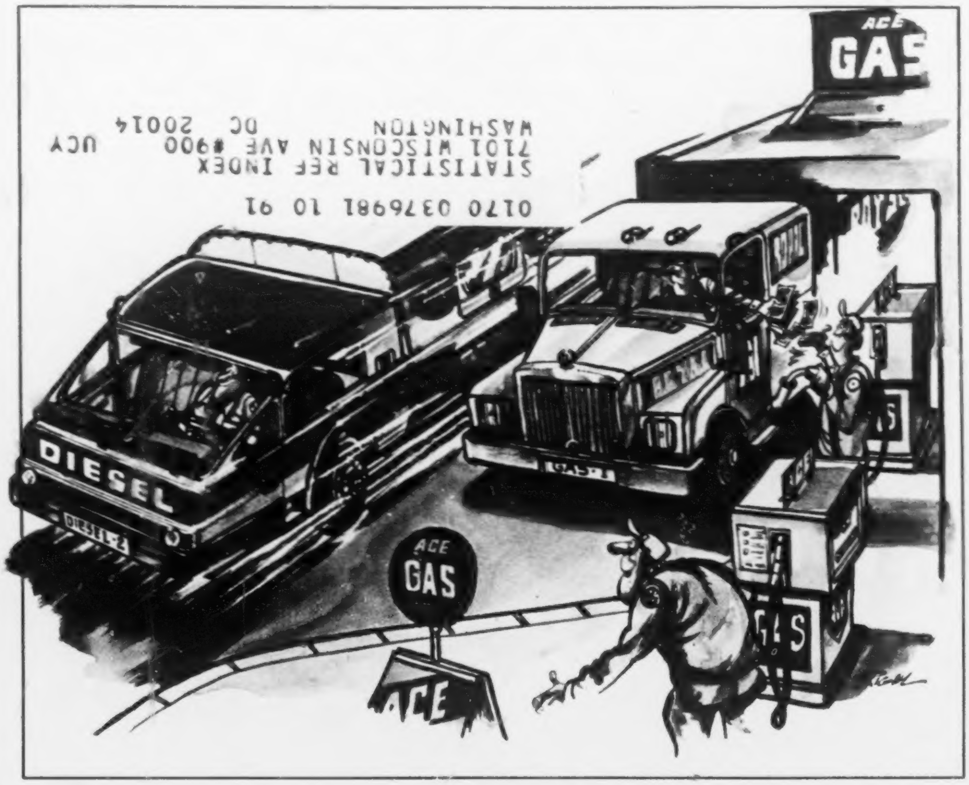
SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS
SEPTEMBER 24, 1982

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY
AN HBJ PUBLICATION



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Improved aerodynamics, diesel fuel featured on new '83 model trucks

SPECIAL REPORT—Truck makers and their component suppliers have a remarkable number of new and improved products with which to get their customers' attention as the 1983 model year gets under way.

That's a bit of a surprise in view of the fact that the producers have been hard hit by the business recession. Sales slumps and reduced budgets have made some major changes in the way the truck industry operates. For instance, there are precious few cosmetic changes made in trucks merely to improve their appearance.

But on other matters with real bottom-line importance, the manufacturers have found the money to deliver some solid value items for 1983. By way of assuring those who grapple with truck problems every day, it can be pointed out that reduced fuel consumption is the dominant trend in new truck products for 1983. That's important with fuel prices on the rise again.

An ever-growing swing to wide availability of fuel-saving diesel power is the biggie in the fuel cost-curbing arena. Improved aerodynamics in truck styling to reduce wind drag and save fuel is just about as important.

In other developments, there

(Continued on page 28)

Interbrand Act could halt transshipping

WASHINGTON, DC—Transshipping malt beverages hinders interbrand competition by encouraging statewide distribution systems. The Malt Beverage Interbrand Competition Act (HR. 3269, S. 1215) is the best way to avoid this, the United States Brewers Association contends.

(Continued on page 6)

BI Week

- **FDA approval of PET for liquors may have hit a snag. The National Resources Defense Council has asked that the agency "err, if at all, on the side of safety," and discourage the use of PET for liquor "and other beverages" until the safety of the materials is conclusively established. The multiple page document discusses numerous studies concerning lung tumors in experimental mice.**

- **Ft. Collins, CO, will be the site of an Anheuser-Busch plant "if the company decides to build a new brewery in the area." The announcement from Tom Aldrich followed passage of favorable legislation by**

(Continued on page 27)

California called crucial to anti-deposit efforts

By John Norton
Midwest Editor

LOS ANGELES, CA—With New York tucked safely under the bottle bill proponents belts, the conquest of California is now in the offing with Proposition 11, the November "anti-litter" initiative that would require a 5-cent minimum deposit on every beer and soft drink can or bottle sold in this state of 24 million people.

Many fear that if such action is passed in California, the largest beverage market in the country, it could trigger a nationwide trend that could result in a federal law requiring deposits on all beverage containers. To date, six states have similar "bottle laws" (Oregon, Iowa, Maine, Connecticut, Michigan and Vermont), while three others (New York, Massachusetts and Delaware) have laws pending.

Gilbert Moore, spokesman for Californians for Sensible Laws, said, "This trend has to be stopped here in California—this is a crucial state." Echoing Moore's statement through action are companies

(Continued on page 12)

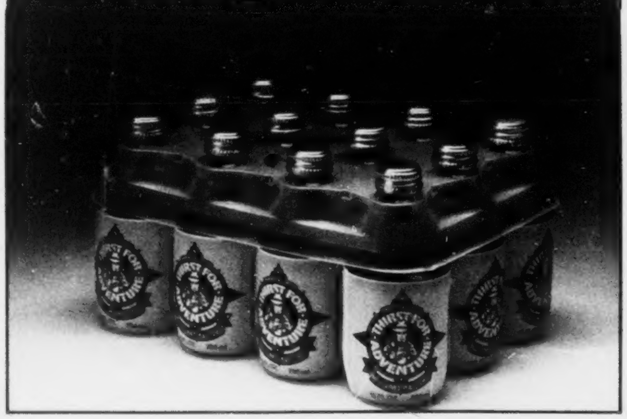
ATF seeks input on wine labeling

WASHINGTON, DC—The Bureau of Alcohol, Tobacco and Firearms (ATF) wants input from the wine industry on whether to propose a standard of identity for reconstituted wine or low alcohol wine.

"The Bureau seeks comment on whether it is 'good commercial practice' to restore the volume of water lost in the processing of low alcohol wine by thin-film evaporation of standard wine under

(Continued on page 26)

BI Package of the Week



New Contour-Pak offers low cost 12-pack option

TOLEDO, OH — The Easy Dozen Contour-Pak carrier for 10 oz. Plasti-Shield bottles is Owens-Illinois' answer to bottlers investigating higher-multiple package options.

"This is a natural extension of our Contour-Pak concept for single service soft drink bottles," said William Niehous, vp—plastic products div. and general manager of multi-pak operations.

Easy Dozen is also a natural competitor to 12-pack paper-

(Continued on page 14)

SOFT DRINKS ☐ BEER ☐ BOTTLED WATER ☐ WINE ☐ POWDERS ☐ JUICES ☐ SPIRITS SEPTEMBER 24, 1982

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY AN HBJ PUBLICATION

Crush updated SD line uses brighter graphics

CINCINNATI, OH—Crush International, a subsidiary of Procter and Gamble Co., has redesigned the package graphics for Orange Crush and the rest of the Crush beverage line.

Deskey Associates Inc., a New York design firm, is responsible for Crush's new look.

The graphics are more contemporary, using brighter colors and a bolder "Crush" typeface positioned diagonally across the can, explained a company spokesman. A piece of fruit representing the soft drinks' flavor rests atop the "Crush" logo. "We feel it will heighten shelf impact, and be more appealing to the consumer," the spokesman said. Labels for 2-L PET bottles will be identical to the can graphics. The only change comes on the glass bottles, where the fruit above the logo has been omitted, to allow the use of any bottle for each different flavor.

Timing of the national rollout will vary from market to market. The new packages will eventually hit the store shelves as product supplies are re-newed.

Along with the new graphics, testing has been going on for a more orangey-tasting flavor for Orange Crush. The testing started in mid-July for the improved flavor. Presently, the time frame for its introduction is not known. When it does arrive on the market, however, all packages will carry the "new and improved" tag.

The product graphics are not aimed at any specific market segment, says the firm, but, like the product itself are marketed to all consumers. "That's why children are used for our commercials," said a spokesman, "because of their universal appeal."

The last graphic change for the Crush soft drink line was in 1972.

Crush
Crush
Crush
Crush
Crush
Crush

New Crush cans show graphic redesign.

A-B to build $4.8 mil. facility in Denver

DENVER, CO — Anheuser-Busch, Inc. in Denver is spending $4.8 million on a new 173,000 sq. ft. office and warehouse facility here.

The new facility, to be operated by the company's Wholesale Operations Division, will be located on a 13.4-acre site. It replaces a wholesale operation that Anheuser-Busch has outgrown at 5180 Fox Street in Denver.

Structural work began in August, with completion scheduled for the spring of 1983.

"The new sales and warehouse facility will contain more than double the space of our present wholesale operation," said Michael M. Mitch-

(Continued on page 8)

Bev. vendors increase while other units lag

CHICAGO, IL—The number of beverage vending machines shipped increased to 207,536 in 1981, up from 198,561 in '80. It provided the one bright spot in vending shipments, according to the National Automatic Merchandising Association (NAMA).

Shipments of can and bottle soft drink machines achieved major increases. Bottle venders reached 76,937 units, up from 66,663 in 1980, and the total for can soft drink units was 96,180 compared with 94,814 in 1980.

Dollar value of vending machine shipments for the entire vending industry increased to $350,473,000 in 1981, the second highest total in history, but net profits of vending companies (before taxes) rose only slightly, to 3.7% of sales in '81 from 3.2% the year before.

Though manufacturers shipments in terms of dollars were up from '80 and '79, higher machine prices, not increased shipments, were the reason. The actual number of machines dropped in 1981 to 504,841 units from 516,858 in '80.

Profit before interest and

(Continued on page 32)

Analysis of gross profit and sales statistics by product

	Composition of sales at retail			Average sales per machine		
	1981	1980	1979	1981	1980	1979
Cigarettes	11.4%	10.9%	12.2%	$2,800	$2,674	$2,582
Candy, nuts, gum	7.9	7.3	7.9	2,975	2,713	2,478
Cold cup beverages	8.3	7.5	7.5	4,605	4,465	3,842
Hot cup beverages	10.6	10.2	11.0	4,093	4,034	4,045
Ice cream	.3	.3	.3	1,456	1,604	1,339
Milk	2.8	2.8	3.3	3,404	3,474	3,403
Sandwiches, salads, entrees	5.0	4.9	5.4	4,212	4,178	4,275
Pastry and snacks	8.0	7.0	6.6	3,417	3,228	3,015
Hot canned soups & food	.9	1.1	1.3	1,693	1,849	1,660
Bottled and canned drinks	6.2	5.4	5.0	5,566	5,350	5,670
Misc. vending machine products	3.8	3.0	3.3	—	—	—
Total or averages for above	65.2%	60.4%	63.8%	$3,688	$3,502	$3,286
Sales other than through machines	34.8	39.6	36.2			
Total sales	100.0%	100.0%	100.0%			

Source: NAMA

Copyright: Beverage Industry September 24, 1982

Detroit Coke undertakes $5 mil. revamp project

DETROIT, MI—The Coca-Cola Bottlers of Detroit, Inc., will invest more than $5 million as part of a three-year revitalization project, according to Stu Giller, president.

Coke's three pronged project will result in the installation of a new .5-L PET bottling line, adding to and refurbishing its truck fleet, and the construction of a 43,000 sq. ft. distribution center/warehouse/parking area.

"The project is in keeping with the Coca-Cola re-franchising program that is designed to bring more aggressive, committed ownership to major markets like Detroit," says Brian G. Dyson, president, Coca-Cola USA. Revitalizing Coke Detroit will also, according to the company, increase the availability of products to consumers as well as lend a hand to the ailing Detroit economy. Over 100 new jobs will be created.

Funds from both the public and private sectors are being used to finance the project. Private sector investment will total $2.5 million, while public funds will be obtained through a $2.3 million bond issue and a $625,000 urban de-

(Continued on page 24)

Davis retires from Liberty

SAPULPA, OK — Maurice Davis is retiring from his position as vice president, marketing with Liberty Glass Co. after 45 years with the firm.

Davis's career with the company has covered more than half of Liberty's existance. "He has been a major part of the success and growth of Liberty from a small glass manufacturing organization to a large, successful and profitable major supplier covering 35 of 48 continental states," commented Wills M. Young, vice president sales and marketing, general sales manager.

Davis will continue to work closely with Liberty and plans to attend many of the state soft drink functions.

Contents

The bottle bill and California

Will California be next? That question, in relation to mandatory deposits, is what opponents and proponents alike have been asking. The vote on Proposition 11, California's "anti-litter" initiative, is forthcoming in November. As has always been the case before, there are many arguments on both sides of the issue. There will also be a considerable amount of money spent in trying to sway public opinion. The recent passing of a 'bottle bill' in New York state has only served to increase speculation and add significance to the California initiative. Is California a crucial state? For more information on the subject, turn to **page 1.**

Beverage vendors rise in 1981

Beverage vending machine shipments rose in 1981, and soft drink machines experienced major increases, accounting for most of the upswing in the beverage category, according to the National Automatic Merchandising Association (NAMA). But the strength of the beverage vendors did not carry over to the rest of the vending machine industry. The actual number of machines shipped dropped in 1981, and profits were up only slightly, due to increased prices. For more facts and figures on vending machine shipments, see **page 4.**

Soft drinks, beer to rise for '82

When all the figures are counted, 1982 is expected to have been another year of growth for the beer and soft drink industries. So says Joseph Doyle, market analyst with Smith Barney Harris Upham & Co. U.S. consumption of soft drinks should reach 4.14 billion cases, or a 3.6% rise from 1981. Beer is expected to be up about 2.0%. While the soft drink industry is still considered to be "recession proof," the current economic slump could figure more prominently in the beer industry. To read more of this expert analyst's predictions for the future of the industry see **page 26.**

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SD, beer sales growing despite slack economy

SPECIAL REPORT—For 1982, U.S. soft drink consumption should reach 1.14 billion cases (24, 12 oz. units), or 3.6% above 1981. Beer consumption should rise 2.0% this year, according to Joseph Doyle, market analyst with Smith Barney Harris Upham & Co.

The soft drink volume increase projected for '82 compares with a 3.2% advance last year. Doyle says that 1% to 1.5% annual growth is "normal" for the industry; his '82 volume prediction fits into that range, despite a slack economy, meaning that the soft drink industry tends to resist recessionary periods. Doyle also expects normal annual growth for the next five years.

Beer consumption, on the other hand, is feeling the full impact of the recession and high unemployment. This year's projected 2.0% volume increase is off from '81's 2.8% gain. But, Doyle says 1983 could see a resumption of normal growth, which he views as 3%-3.5% in a nonrecessionary year.

Beer volume is strongest in the Southeast and South Central regions, weakest in the East North Central and West North Central. Heileman and Pabst get much of their business from the weaker parts of the country. This has slowed Heileman's growth and worsened Pabst's troubles, according to Doyle.

Volume in the Northeast is also soft. The Mountain and Pacific regions were strong in '81, but the Pacific region is showing signs of softening. Anheuser-Busch, with 40% of the Pacific region due to its 15% share of California, is seeing volume there drop to below A-B's national trend. A sales slump in the Pacific region is especially damaging, though, to Olympia and Coors.

Doyle says that although overall beer industry volume doesn't fluctuate too much, even during serious recessions, volume and market share trends of individual brewers can jump around quite a bit. For the past five years, and for the next several, the direction of the beer market has been easy to remember: A-B, Miller and Heileman up, everyone else down.

A-B growth

The 'Brewers' share of market' table shows that during the past three years, A-B has gained about one and a half share points per year. A-B is expected by Doyle to reach 31.7% of the market this year, picking up almost two points. Doyle thinks that rate will slow to about a point per year to 1985, although total industry volume could, he says, increase at 4% per year, or slightly above normal. A-B's volume growth '81 to '85 should be at least 7%, or twice the industry's rate.

Miller and Heileman are the only other brewers to have consistently gained market share over the past several years. Miller, Doyle says, should pick up about one share point this year, as it did in '81. Reflecting a regional mix, Heileman's growth has slowed somewhat last year and this. While Doyle thinks Heileman will gain market share in the future, he finds it hard to predict the rate of gain. Doyle assumes Heileman can get a better share of the Southern tier, but he doesn't know how it will get capacity there.

The table also shows that Schlitz, Pabst, Coors, Stroh's-Schaefer, Olympia and the "all others" category have been steadily losing market share. Doyle assumes this will continue, although merger and acquisition activity in the industry makes it difficult to forecast.

Meanwhile, soft drink industry leaders, Coke and Pepsi, remain aggressive; number four Seven-Up has switched to a marketing campaign focusing on the caffeine-free aspect of the flagship brand. These three companies appear to be gaining market share at the expense of almost everyone else.

Doyle believes that Coke's domestic volume will increase between 1% and 1.5% in '82. PepsiCo, he thinks, will see about a 5% increase. Seven-Up should also be up at least 5% this year in a reversal of its steady market share erosion; Seven-Up's no-caffeine strategy is working, according to Doyle.

Top brewers' share of market, 1965-1985E

% Market share	1965	1975	1978	1979	1980	1981	1982E	1985E
Anheuser-Busch	11.7%	23.4%	25.1%	26.8%	28.2%	29.8%	31.7%	34.0%
Miller	3.7	8.6	18.9	20.7	21.0	22.0	23.1	24.5
Heileman	1.0	3.0	4.3	6.5	7.5	7.7	7.9	8.8
Schlitz	8.5	15.5	11.8	9.7	8.4	7.8	7.5	7.1
Stroh's-Schaefer	—	7.3	6.2	5.6	5.5	5.0	4.9	5.3
Pabst	8.1	10.4	9.3	8.7	8.5	7.4	6.7	5.5
Coors	3.6	7.9	7.6	7.5	7.8	7.3	7.3	7.1
Olympia	—	4.4	4.0	3.5	3.4	3.1	2.9	2.5
All Others	63.4	19.4	12.8	10.9	9.7	9.9	8.0	5.2
A-B and Miller	15.4	32.0	44.0	47.5	49.2	51.9	54.8	58.5

E—Estimated by SBHU

Note: Stroh's and Schaefer historical data are combined even though these companies were separate until 1980. Stroh's acquired Schlitz in June 1982, but we show the data separately.

Source: Company reports compiled by SBHU

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September 24, 1982

Top soft drink companies' share of market 1968-1983E

Market share	1968	1975	1979	1980	1981	1982E	1983E
Cola-Cola	34.4	34.8	34.6	34.9	34.9	35.1	35.2
Pepsico.	22.1	22.1	24.6	24.7	25.4	25.7	26.0
Dr Pepper	3.5	5.9	6.7	6.8	6.8	6.8	6.9
Canada Dry	3.7	3.5	2.9	2.8	2.8	2.8	2.9
Seven-Up	7.7	8.4	7.0	6.7	6.4	6.6	6.8
Royal Crown	7.2	5.7	4.5	4.4	4.2	4.0	4.0
Crush	2.7	3.3	3.7	3.7	3.7	3.8	3.9
All Others	18.8	16.9	16.1	16.0	16.0	15.2	14.3

E—estimates by SBHU.

Note: All data compiled by SBHU. Dr Pepper and Canada Dry merged in early 1982, but their data is shown separately.

Source: SBHU

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Who's bought whom?

If you've had trouble this year keeping up with merger and acquisition activity in the soft drink and beer industries, you're not alone. Here's a rundown of the major deals so far (mid-August) in 1982:

- **Dr Pepper bought Canada Dry for about $150 million;**
- **Stroh bought Schlitz for about $500 million;**
- **Coca-Cola bought Columbia Pictures for about $750 million.**

Deals that didn't go through include:

- **Coke was going to buy Outlet Co., which Columbia Pictures was in the process of acquiring;**
- **The Justice Department scrapped Heileman's plan to buy Pabst;**
- **Schmidt's planned purchase of Pabst seems dead;**
- **Pabst's planned purchase of Pittsburgh Brewing has fallen through.**

ATF

(Continued from page 1)

reduced pressure," ATF says. "For example, should the addition of water be limited to the volume of water lost in processing?"

Reconstituted wine is actually an unexpected result of wine-making process approved by ATF during the past year, according to the regulators.

"The processing involves reducing standard wine either 1) to a minimum alcohol content of 7% by volume for bottling purposes or 2) to a minimum alcohol content of 1.4% by volume and blending with other standard wine to produce wine having an alcohol content of 7% to 9% by volume," they explain.

"Both processes result in a partial loss of wine due to heat evaporation since a portion of the alcohol, water and volatile compounds in the wine is vaporized. However, the original requests for approval of the use of this technology did not address the reconstitution of the low alcohol wine."

labeling

If ATF decides reconstitution does represent "good commercial practice," it also wants to know whether the product should be labeled "reconstituted wine" and/or whether the volume water used in the reformulation should be declared.

Comments should be filed by Sept. 27 with the Chief, Regulations and Procedures Division, ATF, P.O. Box 385, Washington, D.C. 20044-0385, or for further information telephone Michael J. Breen at (202) 566-7532.

Paul Masson

(Continued from page 25)

- Phase III: A production line trial of 2,000 to 10,000 cases.
- Phase IV: Approval for conversion after passing stacking tests of one month for filled bottles of two months for empty bottles.

So far, the company has converted all 750 ml sizes, excluding champagne, as well as 1-L vermouth bottles. Winery-sealed carafes, which represent a large segment of Paul Masson's business, under extensive testing at presstime.

- For more information on **Clevepak,** circle no. 282 on reader service card.

Profit analysis for 1981
(based on reported sales volume categories)

	Less Than $750,000	$750,000 to $1,999,999	$2,000,000 to $9,999,999	$10,000,000 or more
Sales at retail	100.0%	100.0%	100.0%	100.0%
Cost of sales	50.1	48.0	49.3	45.7
Total operating expenses	46.9	48.7	47.7	52.7
Operating profit	**3.0%**	**3.3%**	**3.0%**	**1.6%**
Less interest expense	1.6	1.0	1.4	.1
Other income or charges (net)	1.4	1.3	.6	2.5
Profit before income taxes	**2.8%**	**3.6%**	**2.2%**	**4.0%**

Source: NAMA

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Composite average of all operators reporting related data

	1981	1980	1979
Sales at Retail	100.0%	100.0%	100.0%
Cost of Sales	46.3	45.5	46.2
Gross profit	**53.7%**	**54.5%**	**53.8%**
Total Operating Expenses	51.9	52.4	50.1
Operating profit	1.8%	2.1%	3.7%
Other Income	1.9	1.1	1.2
Profit before income taxes	**3.7%**	**3.2%**	**4.9%**

Source: NAMA

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Operating Expenses
(as a percentage of sales)

Salaries, commissions to route personnel and location attendants	10.5%	11.5%	10.6%
Salaries, wages to machine maintenance personnel	2.8	2.7	2.8
Salaries, wages to supervisory personnel	2.4	*	*
All other salaries, wages, etc.	8.5**	10.2**	9.8**
Total Payroll	**24.2%**	**24.4%**	**23.2%**
Maintenance cost of vending machines	1.2	1.2	1.2
Location rental payments (commissions)	7.1	7.1	7.6
Depreciation or rental for vending machines	4.2	4.0	4.0
Other depreciation (except buildings)	1.3	1.4	1.1
Truck and automobile expense	2.1	2.0	1.7
Sales tax	3.0	2.9	2.9
Taxes, other than sales, federal and state income taxes	.5	.5	.5
Insurance, all types	.4	.5	.5
Building and garage rental or expense	.7	.7	.7
Corporate overhead expense	2.5	1.9	2.2
All other expenses	4.7	5.8	4.5
Total operating expenses	**51.9%**	**52.4%**	**50.1%**

*Included in "All other salaries, wages, etc." in 1980, 1979.
**Includes fringe benefits and payroll taxes.
Source: NAMA

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Vending
(Continued from page 4)

income taxes as a percent of assets averaged 11.6%, up from 10.7% in 1980, but was still "far below what a technologically oriented industry needs for growth," commented G. Richard Schreiber, president of NAMA. "The effects of the recession and high interest rates are evident in that profits from operations dropped from 2.1% in 1980 to 1.8% in '81 and interest expenses of smaller companies amounted to 1.4% of sales," explained Schreiber. For those with sales of more than $10 million, interest expense represented 0.1% of sales.

The most favorable margins were achieved by companies having sales of $10 million or more (at 4.0%) and by those with sales from $750,000 to $2 million (3.6%), while companies with sales from $2 mil. to $10 mil. netted 2.2% before taxes. The ratio of companies with under $750,000 in sales came to an average of 2.8% before taxes.

Pre-tax profits for "manual" (non-vending) sales averaged 1.7% for the 31 firms reporting results in that category, down from 2.2% in 1980. Total "manual" sales amounted to $481 million.

Pure-Pak
(Continued from page 7)

chine. Molded covers are durable, requiring no special care. The machine stops automatically when the doors are opened or when the stop bar is contacted. Water-cooled aluminum mandrels cool cartons during sealing. The lightweight aluminum lessens the load on the drive and is coated to resist corrosion and abrasion.

The Pure-Pak model 235 can form, fill and seal up to 3,000 liters or quarts and fractional sizes per hour. Measuring in at only 40 sq. feet, the machine can change carton size in less than five minutes.

The Pure-Pak model 240 is capable of filling cartons ranging in size from half-pint to quart at 5,000 per hour. Utilizing the same space as the model 235, this unit, as do all the Pacesetter machines, features selective heating of carton tops and bottoms minimizing gas consumption.

Filling as many as 10,000 cartons per hour, the Pure-Pak model 245 fills cartons from 8 ounces to 1 quart in size while taking up only 56 square feet in space.

The Pure-Pak half-gallon machine fills and seals up to 2,700 2-L cartons per hour while occupying only 40 square feet of floor space.

● For more information on **Pure-Pak**, circle no. 283 on reader service card.

EVERYBODY'S FAVORITE TWIST

Alcoa's Roll-On closure helps you roll up beverage sales.

Everybody loves Alcoa's convenient Roll-On closure.

Consumers love it because it's so easy to handle and open.

And since the Roll-On closure is preferred by consumers, retailers love it, too. Products move off their shelves fast. And there's nothing retailers like better.

Finally, bottlers love it best of all. It's easy to apply. It's easy to sell. And it's easy to open. In fact, it's easy all the way around.

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Closure Systems International
Division of Aluminum Company of America
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ALCOA

Circle no. 101 on Reader Service card

Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Feb. '82	March '82	% change
Bottles	22,714	27,406	20.7
Beverage:			
refillable	269	386	43.5
nonrefillable	3,758	4,964	32.1
under 10 oz.	64	97	51.6
10.0 to 15.9 oz	1,239	1,586	28.0
16.0 to 16.9 oz (includes .5-L)	2,233	2,913	30.5
17.0 to 33.9 oz (includes 1-L)	222	368	65.8
34.0 oz. and over (includes 2-L)	—	—	—
Beer:			
refillable	270	384	42.2
nonrefillable	7,757	9,119	17.5
under 11 oz	1,305	1,426	9.3
11.0 to 15.9 oz	5,883	7,150	21.5
16.0 and over	569	543	4.6
Liquor:	916	1,157	26.3
Under 125 ml (4.23 oz and under)	87	103	18.4
126 to 275 ml (4.24 to 9.3 oz)	194	280	44.3
276 to 500 ml (9.31 to 16.9 oz)	120	137	14.2
501 to 800 ml (16.91 to 27.04 oz)	204	240	17.6
801 to 1000 ml (27.05 to 33.80 oz)	190	248	30.5
1001 ml and over	121	149	23.1
Wine:	596	736	23.5
126 to 500 ml (4.24 to 16.9 oz)	93	132	41.9
501 to 800 ml (16.91 to 27.04 oz)	288	330	14.6
801 to 1000 ml (27.05 to 33.8 oz)	11	15	36.4
1001 to 1600 ml (33.81 to 54.08 oz)	122	141	15.6
Over 1600 ml (over 54.08 oz)	82	118	43.9

Source U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	March '82	April '82	% change
Metal (for spirits, wines)	44,682	60,613	35.7
Plastic (for spirits, wines)	139,456	141,425	1.4
Metal crowns (beer and soft drinks)	21,953	21,254	(3.2)
Soft drink (convenience types)	2,205	1,871	(15.1)
Soft drink (conventional types)	6,523	5,628	(13.7)
Beer (convenience types)	10,292	10,382	0.8
Beer (conventional types)	2 888	3,373	16.7
All other metal closures other than crowns	**7,053**	**6,024**	**(14.6)**

Source U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	April '82	May '82	% change
Beer*	13,086,224	16,292,050	24.5
Whiskey	5,914,454	6,882,811	16.4
Brandy	389,682	486,033	24.7
Gin	359,224	465,559	29.6
Rum	71,000	39,195	(44.8)
Cordials and liqueurs	683,136	610,560	(10.6)
Others	548,803	621,096	(13.2)
Total	**21,052,523**	**25,397,304**	**20.6**
Sparkling wines	524,089	674,600	28.7
Still wines, table	7,515,613	8,860,949	17.9
Still wines, fortified	173,870	180,388	3.7
Vermouth	249,767	174,003	(30.3)

* Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price Index

(The year 1967 equals 100)

	Dec. '81	Jan. '82	% change
Cola	295.7	302.4	2.3
Other carbonated soft drinks	137.2	141.9	3.4
Noncarbonated drinks	137.1	138.0	0.7
Wine	203.5	205.0	0.7
Beer and ale	238.0	232.2	(2.4)

Sweetener data

[illegible]

	Jan. '82	Feb. '82	% change
HFCS wholesale prices			
California	16.90	16.90	0.0
New York	15.49	15.49	0.0
Chicago-West	14.08	14.08	0.0
Beet sugar wholesale prices	—	—	—
Dextrose wholesale prices			
California	28.64	28.64	0.0
New York	27.17	27.17	0.0
Chicago-West	27.17	27.17	0.0

Source U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Jan. '82	Feb. '82	% change
Bottles and cans	10,380,589	11,390,989	9.7
Barrels and kegs	1,523,023	1,521,652	(0.1)
For export	185,416	170,921	(7.8)
Other	21,985	15,670	(28.7)
Total	**12,120,013**	**13,099,232**	**8.1**

Source U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	Jan. '82	Feb. '82	% change
Still wines (bulk)	131,423	145,866	11.0
Still wines (bottled)	30,051,476	25,486,792	(15.2)
Effervescent wines (bulk & bottled)	1,266,034	1,114,879	(11.9)
Total	**31,448,933**	**26,747,537**	**(14.9)**

Source U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	Oct. '81	Nov. '81	% change
Whiskey	17,910,638	14,501,709	(19.0)
Brandy	1,595,603	1,595,357	(.02)
Rum	2,347,808	1,748,800	(25.5)
Gin	2,970,727	2,759,005	(7.1)
Vodka	8,735,824	8,459,470	(3.2)
Cordials and liqueurs	3,548,523	2,978,954	(16.1)
Cocktails and mixed drinks	652,521	691,601	5.9
Total	**37,761,644**	**32,734,896**	**(13.3)**

Source U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	Feb. '82	March '82	% change
Plastic bottles (blow-molded)	1,189,008	1,198,112	.8
Carbonated beverages	157,031	172,758	10.0

Source U.S. Dept. of Commerce
Bureau of the Census

Copyright: Beverage Industry,
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SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

OCTOBER 8, 1982

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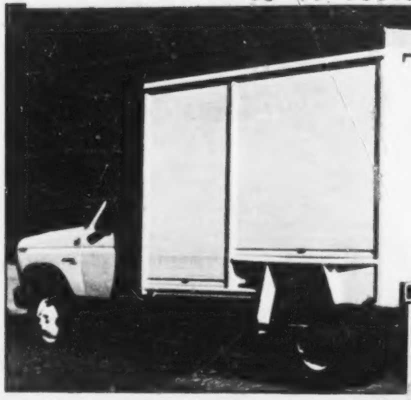

At left, Hesse's new design. Below, top: Swan's 12-bay Durango is ready to go, painted with Stroh's color specs. Below, bottom: Mickey's DSO modified aluminum 16-bay route trailer sports Seven-Up's colors. Below, far left: Rock Hill Body new 10-bay aluminum body has Pepsi's logo

Truck body suppliers rollout new models for '83 selling season

SPECIAL REPORT—With the recent decline in interest rates and the threat of impending bottle bill legislation, the truck body industry may soon experience a flood of buyers prepared to turn this soft market into a torrent of activity.

In an industry that has had no significant increase in past years, this facet of the beverage market may now find its biggest worry in meeting production with demand.

Hodges Hackney, executive vice president, Hackney and Sons, reports that his firm is experiencing unprecedented orders for trailers and bodies. "What is heartening about it is that bottlers seem to be aware that supplies may get tight and they're placing the orders earlier," he comments. (See story, right, for a review of this firm's new trailer.)

William Chvala, executive vice president of Swan, Inc., said, "The year when the Michigan bottle bill went into effect we sold over 200 trail-

(Continued on page 13)

Consumer poll: support for Delaney increasing

WASHINGTON, DC—After the saccharin controversy a few years back, you would think that consumers would favor the abolition of the Delaney clause, which sparked the potential removal of the artificial sweetener from the marketplace.

However, a significant percentage of the public thinks "the present law should be kept," claims the Roper organization, which conducted a recent poll, as well as one in 1977, on retention of that segment of the food safety laws.

Five years ago, only 27% of those polled felt Delaney should remain on the books, "Roper speculates that the concern with saccharin in 1977 may have prejudiced the public against the regulation at that time," the polling organization stated.

But as Congress attempts to overhaul its food safety laws, consumers see some validity to Delaney's rigidity and 48% now want the controversial clause to remain part of government regula-

(Continued on page 14)

Hackney's new computer-aided trailer design

WASHINGTON, NC,—In recent years, Hackney and Sons, located here, have launched a program to build stronger, longer lasting beverage bodies. Part of the program involves stress testing to the point of destruction.

The first product of this program is the firm's newest unit, a delivery trailer which the firm calls the "Vision."

We really have been working on this concept for some 10 years," Hodges Hackney, executive vice president, told

(Continued on page 14)

Most changes in new Vision aren't visible to the eye.

BI Week

• A-B distributors, meeting in LA will hear details of new advertising, position for most major brands. Michelob reportedly due to get major packaging and advertising facelift. Distributors feel company will do something to blunt Miller's recent successes with Lowenbrau. Look for new packaging, graphics and scraping of the "weekend" brew concept.

• Diet Coke being ex-

(Continued on page 53)

New reverse vending units promote recycling

By Robert Kreutzer
Senior Editor

SPECIAL REPORT—It is estimated that 35% of all aluminum cans sold in the U.S. will never be recycled unless recycling can be made more convenient for the consumer. By using reverse vending machines, soft drink bottlers, beer wholesalers and beverage retailers can reap profits from this situation, while promoting voluntary community recycling.

The profit potential for owners/operators of reverse vending machines comes from the difference between what is redeemed to the consumer for each can recycled and what the owner/operator gets for recycling bulk aluminum. The bottler/wholesaler/retailer has to decide if the purchase price and maintenance of reverse vending machines is justified by the potential volume of recy-

(Continued on page 38)

BI Package of the Week

IMPORTED
BARRISTERS
RUM
BANKERS
CLUB
VODKA

Closures replace strip stamps on spirits. See page 28.

Contents

Truck body supplies rollout new models

The truck body industry may soon have a big problem, but one that any industry would love to have: keeping up with demand. The reasons for the unprecedented interest in new truck body models for '83 are a recent decline in interest rates and an increasing threat of bottle bill legislation. For some views of '83 models, plus a full report on the expected boom in the market, see **page 1.**

Reverse vending promotes recycling

A huge market in unrecycled aluminum cans has prompted the introduction of several reverse vending machines, which are designed to make recycling more convenient for the consumer as well as potentially profitable for the machines' operators. For a rundown on who makes what, and what it can do, see **page 1.**

Mead's Gladiator POS aids bottlers, retailers

Mead Merchandising hopes to give bottlers an edge with its new Gladiator point-of-sale unit. Its extended canopy (the length of the aisle) can be imprinted with the brands logo and colors. Its biggest asset, says the company, is its flexibility. The Coca-Cola Bottling Co. of St. Louis has been using the unit since last year, installing them in 35 markets in the first quarter of '82 alone. To find out more about how both the bottler and retailer alike can benefit from this new product see **page 4.**

Getting a handle on sorting problems

How can you get control of your sorting costs? The first thing you must do is to understand them, says Profit Management Development, Inc. Capacity, off-line sorting, and determining just how your sorting operation should be set up are all detailed in this report. If you're interested in learning more about to master your sorting operation, see **page 23.**

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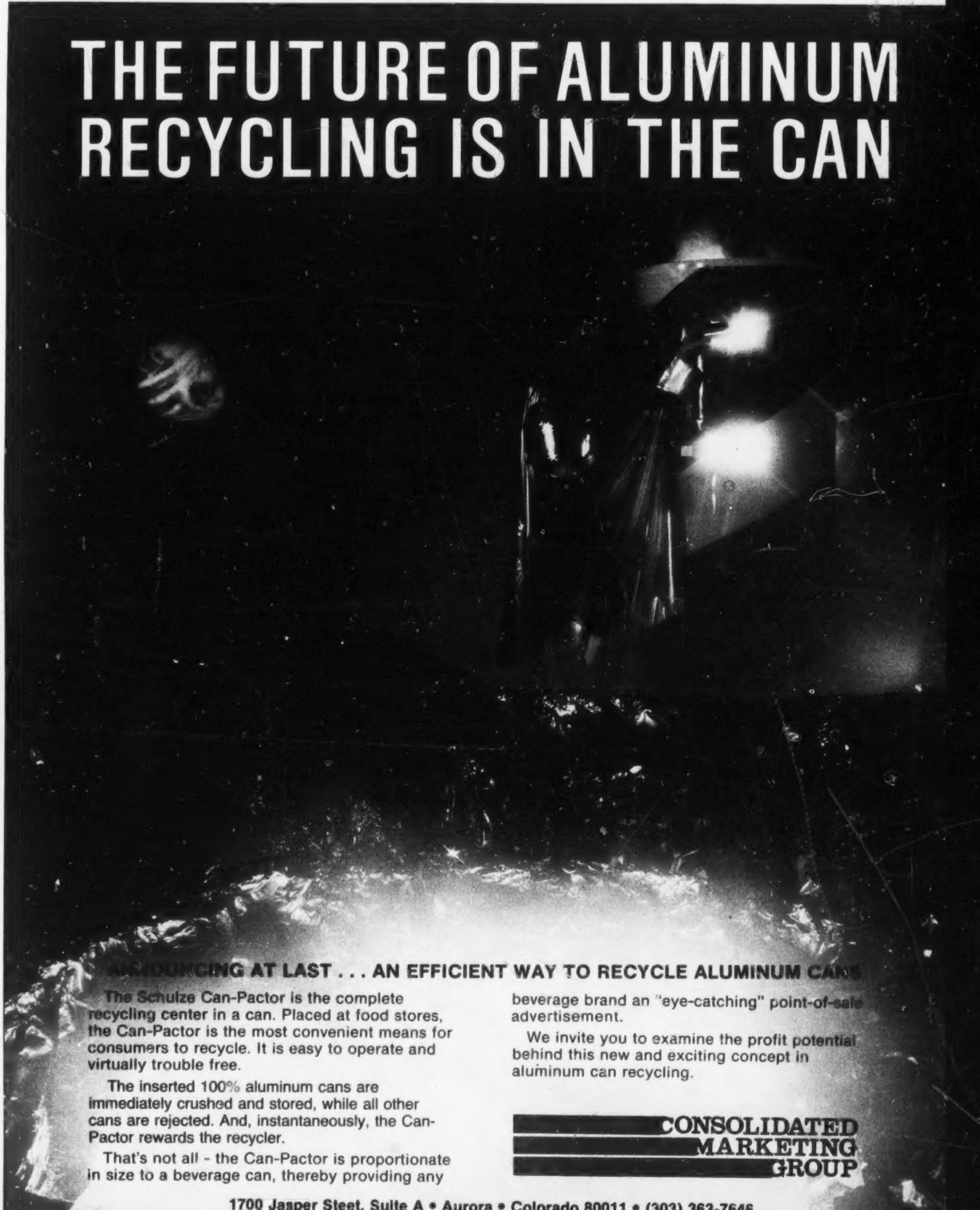

ANNOUNCING AT LAST . . . AN EFFICIENT WAY TO RECYCLE ALUMINUM CANS

The Schulze Can-Pactor is the complete recycling center in a can. Placed at food stores, the Can-Pactor is the most convenient means for consumers to recycle. It is easy to operate and virtually trouble free.

The inserted 100% aluminum cans are immediately crushed and stored, while all other cans are rejected. And, instantaneously, the Can-Pactor rewards the recycler.

That's not all - the Can-Pactor is proportionate in size to a beverage can, thereby providing any beverage brand an "eye-catching" point-of-sale advertisement.

We invite you to examine the profit potential behind this new and exciting concept in aluminum can recycling.

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Truck bodies

(Continued from page 1)

ers. Bottle bills are to us like bussing laws are to school manufacturers. As someone concerned about the industry I hate to see it happen but as a manufacturer who produces this kind of equipment it's a panacea."

route trailers

Paul Bowles, vice president of Mickey Truck Bodies, Inc., echoes Chvala's sentiments in stating, "Many distributors are looking to a larger truck to ease the pressures put on them by those states who have gone into the bottle bill. Yet, you can only go so big with a conventional truck and many are finding route trailers the only answer at this point. This type of body has become very popular in the last 3 to 4 years and, with such action as the bottle bills, will continue to do well in the future."

Chvala noted that problems will increase as those larger markets fall victim to bottle bill legislation. "Michigan was a state that before the bottle bill you had a relatively high returnable market," stated Chvala. "Yet distributors still had to add 20 to 25% to their existing fleets. With a market like New York the demand for beverage bodies will be tremendous. You can only work so many man hours, so many shifts, you just can't duplicate facilities overnight. Unfortunately, there are people who are greedy enough to try and take all the business they can when presented with a situation like this one. Because of this quality is going to deteriorate causing a big problem in the industry."

Compounding this situation, other industry activity has placed added pressure upon the body market. Anheuser Busch and Labatt have entered into an agreement whereby Labatt will brew beer under the Budweiser label in Canada. In an exchange program to keep currencies balanced between the two countries, Labatt's will allow A-B to market wine from their winery in California.

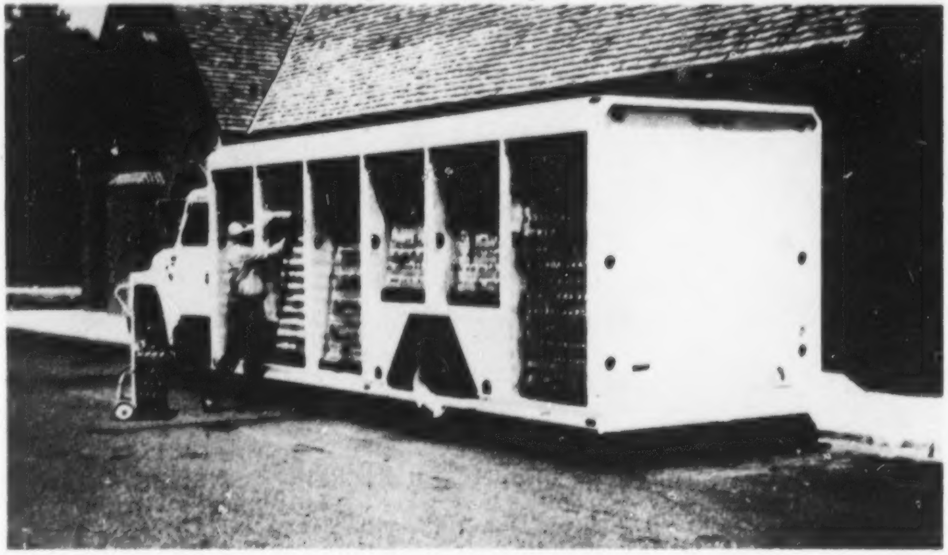
Chvala explained, "They are doing it in a test market now, Labatt's original forecast for sales in Canada was to acquire 2% maybe 3% of the market. But within the first year they have captured 8.5% of the market. A-B, to keep currencies balanced, will have to sell a certain volume of wine to keep things straight." From the perspective of the beverage body industry, A-B's 950 distributors will need additional equipment to handle the territories through this deal.

"If you go on the assumption," stated Chvala, "that each A-B distributor has to buy one truck over and beyond their normal requirement just to be able to reroute their territories and have room to put wine in every route you're talking, conservatively, about 1,000 trucks. When you start throwing those numbers on top of the bottle bill situation, God help the man who does not get his order in early next year."

Circle no. 181 on Reader Service card →

Budweiser
Budweiser

Route trailers like Swan's 16 bay Metro (above) and 12 bay Durango are expected to be in great demand in states like New York, where deposit legislation is pending.



Though interest rates have slightly declined, the price set on capital spending is still a matter for serious consideration. Today, more than ever, getting the most for your dollar translates into longevity when talking to those considering the purchase of beverage route trucks. The trend from steel to aluminum is a prime indicator of an industry looking to build a long lasting energy efficient product. In 1975, aluminum accounted for only 36.3% of the body market contrasted with 1981's figure of 84.7%. The first quarter of 1982, according to industry experts, shows an increase to 88.8%. These figures demonstrate an escalating trend out to prove steel bodies are synonomous with covered wagons.

As Paul Bowles stated route trailers are truly the way of the future for the beverage body market. Data shows trailers in terms of unit sales for 1975 at only 9.7% dramatically escalating in 1981 to 33.5%. Industry observers see this trend continuing with 1982 first quarter figures coming in at 40.7% sales in terms of units now in route trailers.

fuel efficiency

Sonny Bowers, marketing service manager for Hackney & Sons, Inc., stated, "The trend is definitely toward lightweight, fuel efficient and aerodynamic styling. In 1976 the industry purchased 4,658 route bodies decreasing in 1981 to 3,016. But in trailers the industry purchased 819, almost doubling in 1981 to 1,509 trailers. So you can see the industry trend toward lighter, larger route trailers."

Striving to light weight beverage bodies beyond aluminum, Swan has done extensive testing with fiberglass reinforced panels (FRP) through Reynolds research/development division. Chvala remarked, "FRP, through testing, actually ends up being far stronger than the steel we used before on our trucks. It is amazing what you can do with it. I feel you are going to see in the next decade alot more use of nonmetallic material in light weighting and redesigning beverage bodies." Chvala noted that his company has also been involved in experimental work with graphite similar to what International Harvest-

(Continued on page 13)

	1976	1977	1978	1979	1980	1981
All route bodies	4658	4526	4774	4361	3057	3016
All aluminum route bodies	2115	2495	3348	3128	2453	2523
All steel route bodies	2543	2031	1426	1233	604	493
All trailers	819	1098	1766	1738	1262	1509
All aluminum trailers	379	580	1350	1388	1102	1306
All steel trailers	440	518	416	350	160	203
All units	5477	5624	6540	6118	4338	4537
All aluminum units	2494	3075	4698	4535	3467	3841
All steel units	2983	2549	1842	1583	771	696
Total $ sales	**39,946,445**	**46,454,575**	**65,156,961**	**65,745,829**	**55,234,294**	**64,827,298**
Average unit price $	7293	8260	9963	10746	12733	14289

Vision

(Continued from page 1)

Beverage Industry when the new trailer was debuted recently. "We are calling it the 'Vision' because it is the result of our planned program which started as a vision of building better bodies."

Actual changes in the trailer may not be too apparent to the casual observer. That's because the firm has strengthened those areas which its tests revealed were most susceptible to damage or breaking.

Externally, the new trailer has a more broad shouldered side and rounded top cornerposts to reduce wind resistance. These changes made it possible to make other subtle exterior changes. Front and rear end panels, for example, are mounted flush for leaner, cleaner lines.

As structural sections, the posts and rails frame up a more rigid structure. And like all extruded sections used on Hackney and Sons' units, the posts are made from 6000 series aluminum alloy.

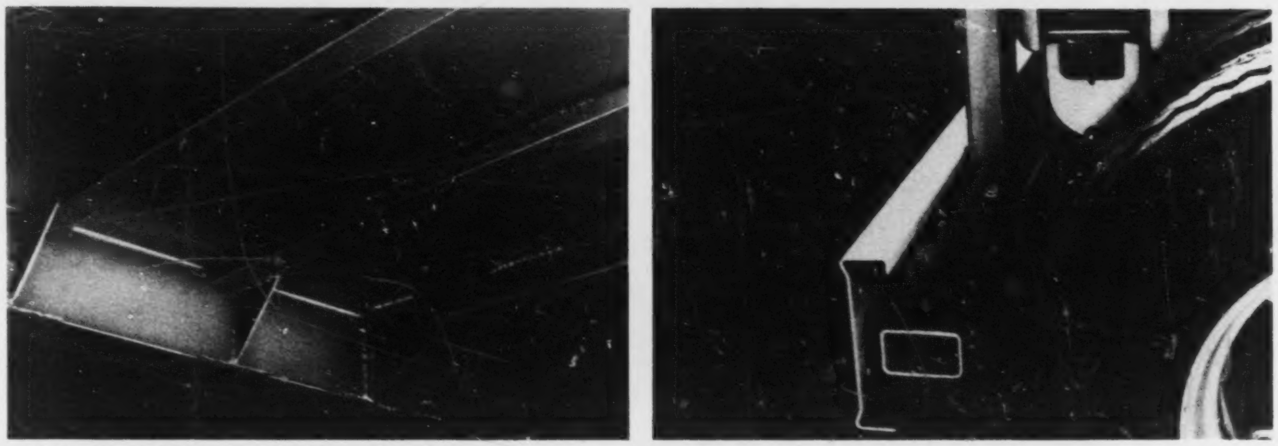
Although the new units are designed for longer life, one aspect of the design is improved mileage as a result of reduced wind resistance. At presstime, Hackney engineers were still certifying results of the firm's testing programs in this area.

Another area where changes have been made is the cantilever. Here the firm has installed reinforcements in the form of twin diagonal braces, x-bracing. These are located in the A-frame area behind each of the forward bays to transmit stress away from this area, minimizing the risks of damage and prolong life.

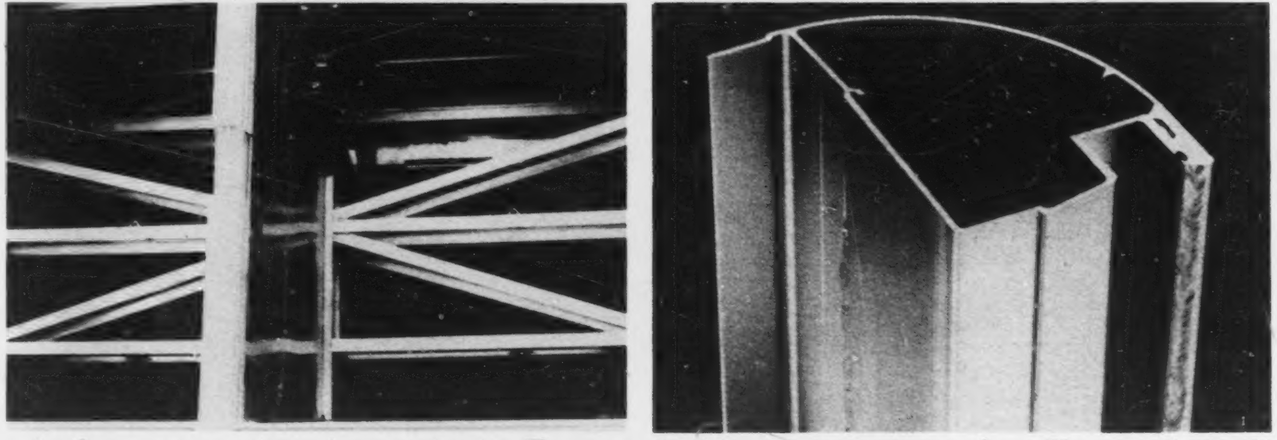
In addition the skirts have been made double thickness to withstand load forces there. The rear wheel well has also been reinforced with welded strapping.

Since most trailers will flex

(Continued on page 14)



Hackney and Sons has strengthened its Vision Trailers in various different areas: (top left) bay floors have been reinforced with U-channels welded to side rails, A-frame and floor sheet; (top right) bumper has been made an extension of the main frame to soak up impact shocks; (bottom left) X-bracing reinforcement for forward bay walls; (bottom right) cornerpost/top rail assembly has a wider radius section.



Hackney's 1983 Sprint is designed for local delivery and vending.

Truck bodies

(Continued from page 6)

er has accomplished in their field. Though external design changes for the coming years may be minimal, internal changes to lighter frames through metal and nonmetal construction is a goal every manufacturer is striving toward in today's market.

Swan, at the upcoming Interbev show in Atlanta, will introduce a keg handling device that works like a miniature hoist able to pick up 165 lb. kegs and safely set them on the ground. Swan reports this new device will eliminate all safety hazards common to the unloading of kegs from a beverage truck.

Production preparation for this famine to feast situation the beverage body market will undergo is the best way to be ready for the coming tide of buyers. Yet, holding the same high standards of quality must be retained to assure the beverage industry both product and company integrity.

Pictured are: (above) Rock Hill Body's '72 Vintage Steel, painted from photo using imron paint; and (below) the Mickey DS0-all aluminum 14-bay route trailer with Squirt logo.

SOFT DRINKS □ [illegible] □ POWDERS □ JUICES □ SPIRITS
OCTOBER 22, 1982

B ge Industry

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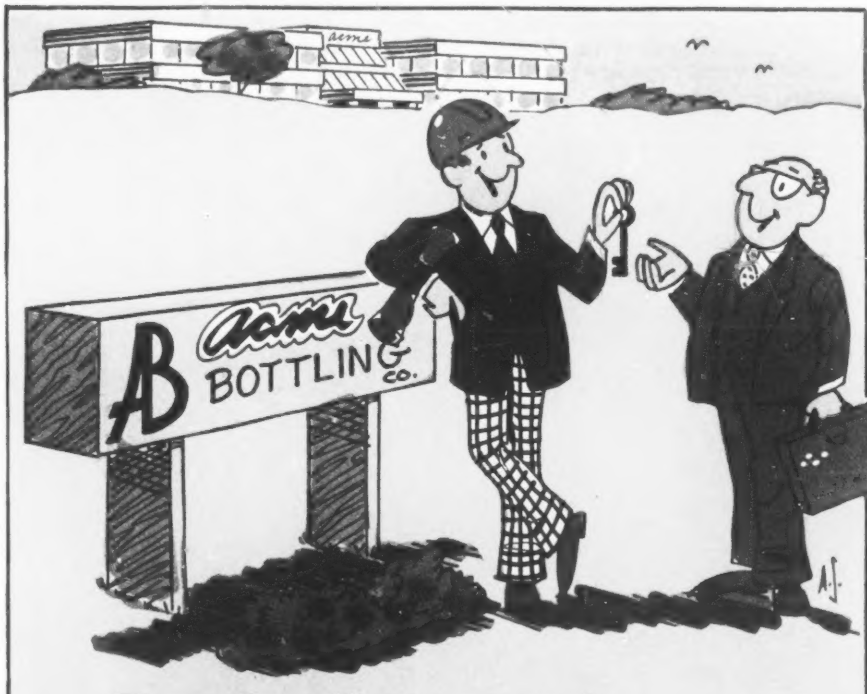


Turn-key firms speed beverage plant occupancy

SPECIAL REPORT — One byproduct of industry consolidation and the movement to corporate ownership, resulting in huge production complexes surrounded by satellite warehouses, has been the development of specialized supplier firms which offer their expertise to build new physical and packaging plants for the brewing and soft drink industries.

Called "turnkey" operators, such firms provide services in a full range of areas: from complete turnkey operations to refurbishing and updating single production

(Continued on page 24)

NSDA seeks standard for handling glass bottles

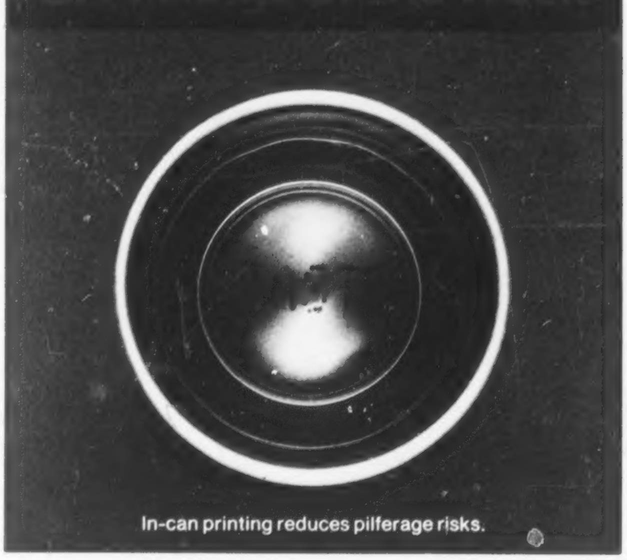
WASHINGTON, DC—Based on a request from the National Soft Drink Association (NSDA), the National Bureau of Standards (NBS) is sponsoring the development of a voluntary standard for the production of carbonated soft drinks in glass bottles.

Since 1977, a voluntary standard has existed concerning the manufacture of glass bottles for soft drinks. The standard now being developed, however, addresses the handling of that glass bottle during soft drink production to "preserve its integrity through several safety procedures," explained Harry Korab, NSDA's technical director.

NSDA's proposed voluntary standard includes precautions on bottle handling covering carbonation levels, proper closure application, inspection of returned cartons and prohibition of exposure to thermal shock.

Several years ago, an NSDA committee proposed the voluntary standard and submitted it to NBS which recently appointed a standards review committee to evaluate the plan. The nine-member committee, composed of three bottlers, three glass manufacturers and three consumer representatives should complete its review in six to nine months, Korab said. If 75% of the committee favors NSDA's plan, it will be published in the Federal Register as a proposed voluntary standard.

BI Package of the Week


In-can printing reduces pilferage risks.

New Continental system gives 'can' game options

STAMFORD, CT—Continental Can, located here, has introduced a new system for in-the-can printing which eliminates the pilferage problems of UTC and UTT promotions.

With the new systems, words, numbers, or symbols can be printed inside the container on the domed bottom. The message can only be read after the container is opened and the contents emptied. Executives here and in test markets contend it is the

(Continued on page 28)

BI Week

- **Californians set to vote on mandatory deposit measure early next month. In mid-September local papers were quoting polls showing 66% were aware of the proposition, 40% were in favor of it; 20% were opposed; 6% were undecided. Through July, opponents had spent $1.4 million; supporters, $326,000.**

- **Congress recessed 1982 session without passing brewery industry-backed Malt Liquor Interbrand Competition Act. Look for NBWA—meeting in mid-October in Baltimore—to map new strategies for 1983 push.**

- **1900 bottlers, spouses and guests heard details of the new Dr Pepper campaign, "Dr Pepper's taste made a Pepper out of me." Attendees at recent Boston meeting also learned of new executive structure for the Dallas-based firm. Robert Hannegan, formerly vp-corporate plants, moves up to be president Dr Pepper USA. He will report to Charles L. Jarvie,**

(Continued on page 22)

Justice files consent form in NY case

WASHINGTON DC—The Justice Department recently filed a proposed consent agreement ending a January 1981 civil antitrust suit against six wholesale wine and liquor distributors in the New York metropolitan area.

The suit alleged that the defendants has conspired to fix prices and lower discounts on wine and liquor, in violation of the Sherman Act. The proposed settlement, which must be approved by the district court judge in Brooklyn, would prevent the wholesal-

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Contents

Turnkey operators give full service

Do you need a new warehouse constructed, the present structure remodeled, or maybe a new line put in? Well, there are specialists in the field, called 'turnkey operators,' with whom you can consult. Included among them are such giants as the Continental Group. According to these specialists, the beverage industry has been one of the leaders in capital spending in this area. With the big getting bigger, many companies are refurbishing in order to keep up. If you are interested in learning more about this efficiency and cost effectiveness minded business, turn to **page 1.**

Dr Pepper uses new Mateer filling device

Dr Pepper is using a new system to fill its 5 gallon tanks and 54 gallon drums of syrup. The specially designed system is called the Controlled Volume Filler (CVF), and is the product of the Mateer-Burt Co. of Wayne, PA. It reportedly fills to accuracies of plus or minus 1%. Since automating the CVF is of major importance, Mateer also designed a conveying system to be interfaced with it. The CVF is used on both regular and sugar free syrups, and can work under increasing filling speeds. To find out more about this new system, turn to **page 4.**

Diesel fuel, filters increase mileage

A growing number of beverage distributors are using diesel engine delivery trucks. Though the initial cash outlay is greater, most distributors look to the long run, where greater fuel economy, lower maintenance and projected longer life become a factor. For more information on diesel engines and fuel, turn to **page 8.**

A-B unveils minority program

Anheuser-Busch has developed a multi-million dollar plan to aid minorities. The multi-faceted plan is expected to strengthen minority ties. See **page 31.**

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A GOLDEN REPUTATION SINCE 1866.
Vernors

Some things never change. Like the sparkling, deliciously different taste of Vernors. The soft drink that's been tingling tastebuds for over [illegible] years.

Circle no. 10 on Reader Service card

Beverage Business Indicators

Glass container shipments

housands of gross)
not seasonally adjusted)

	March '82	April '82	% change
Bottles	27,406	26,190	(4.4)
Beverage:			
refillable	386	355	(8.0)
nonrefillable	4964	4801	(3.3)
under 10 oz.	97	76	(21.7)
10.0 to 15.9 oz	1,586	1,432	(9.7)
16.0 to 16.9 oz (includes .5-L)	2,913	2,979	2.3
17.0 to 33.9 oz (includes 1-L)	368	314	(14.7)
34.0 oz. and over (includes 2-L)	—	—	—
Beer:			
refillable	384	345	(10.2)
nonrefillable	9,119	9,150	(0.3)
under 11 oz	1,426	1,461	2.5
11.0 to 15.9 oz	7,150	7,122	(0.4)
16.0 and over	543	567	4.4
Liquor:	1,157	1,119	(3.3)
Under 125 ml (4.23 oz and under)	103	96	(6.8)
126 to 275 ml (4.24 to 9.3 oz)	280	253	(9.6)
276 to 500 ml (9.31 to 16.9 oz)	137	129	(5.8)
501 to 800 ml (16.91 to 27.04 oz)	240	254	5.8
801 to 1000 ml (27.05 to 33.80 oz)	248	244	(1.6)
1001 ml and over	149	143	(4.0)
Wine:	736	722	(1.9)
126 to 500 ml (4.24 to 16.9 oz)	132	126	(4.5)
501 to 800 ml (16.91 to 27.04 oz)	330	338	2.4
801 to 1000 ml (27.05 to 33.8 oz)	15	16	6.6
1001 to 1600 ml (33.81 to 54.08 oz)	141	151	7.1
Over 1600 ml (over 54.08 oz)	118	91	(22.8)

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	April '82	May '82	% change
Metal (for spirits, wines)	60,613	58,930	(2.7)
Plastic (for spirits, wines)	141,425	115,652	(18.2)
Metal crowns (beer and soft drinks)	21,254	20,584	(3.1)
Soft drink (convenience types)	1,871	1,490	(20.3)
Soft drink (conventional types)	5,628	4,752	(15.6)
Beer (convenience types)	10,382	5,250	(49.4)
Beer (conventional types)	3,373	1,436	(57.4)
All other metal closures other than crowns	**6,024**	**6,108**	**1.3**

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

Proof gals)

	April '82	May '82	% change
Beer*	13,086,224	16,292,050	24.5
Whiskey	5,914,454	6,882,811	16.4
Brandy	389,682	486,033	24.7
Gin	359,224	465,559	29.6
Rum	71,000	39,195	(44.8)
Cordials and liqueurs	683,136	610,560	(10.6)
Others	548,803	621,096	(13.2)
Total	**21,052,523**	**25,397,304**	**20.6**
Sparkling wines	524,089	674,600	28.7
Still wines, table	7,515,613	8,860,949	17.9
Still wines, fortified	173,870	180,388	3.7
Vermouth	249,767	174,003	(30.3)

* Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price Index

(The year 1967 equals 100)

	Dec. '81	Jan. '82	% change
Cola	295.7	302.4	2.3
Other carbonated soft drinks	137.2	141.9	3.4
Noncarbonated drinks	137.1	138.0	0.7
Wine	203.5	205.0	0.7
Beer and ale	238.0	232.2	(2.4)

Sweetener data

(Cents per pound, dry basis)

	Feb. '82	March '82	% change
HFCS wholesale prices			
California	16.90	16.90	0.0
New York	15.49	15.49	0.0
Chicago-West	14.08	14.08	0.0
Beet sugar wholesale prices	—	—	—
Dextrose wholesale prices			
California	28.64	28.64	0.0
New York	27.17	27.17	0.0
Chicago-West	27.17	27.17	0.0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Feb. '82	March '82	% change
Bottles and cans	11,390,989	13,725,844	20.5
Barrels and kegs	1,521,652	1,955,651	28.5
For export	170,921	218,990	28.1
Other	15,670	19,066	21.6
Total	**13,099,232**	**15,919,551**	**1.5**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	Feb '82	March '82	% change
Still wines (bulk)	145,866	241,706	65.7
Still wines (bottled)	25,486,792	34,922,861	37.0
Effervescent wines (bulk & bottled)	1,114,879	1,928,411	72.9
Total	**26,747,537**	**37,092,978**	**38.7**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	Nov. '81	Dec. '81	% change
Whiskey	14,501,709	11,778,678	(18.7)
Brandy	1,595,357	1,363,333	(14.5)
Rum	1,748,800	2,113,819	20.8
Gin	2,759,005	2,576,594	(6.6)
Vodka	8,459,470	8,324,840	(1.5)
Cordials and liqueurs	2,978,954	2,732,618	(8.3)
Cocktails and mixed drinks	691,601	781,508	13.0
Total	**32,734,896**	**29,671,390**	**(9.3)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	March '82	April '82	% change
Plastic bottles (blow-molded)	1,198,122	1,142,989	(4.6)
Carbonated beverages	172,758	169,138	(2.1)

Source: U.S. Dept. of Commerce
Bureau of the Census

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